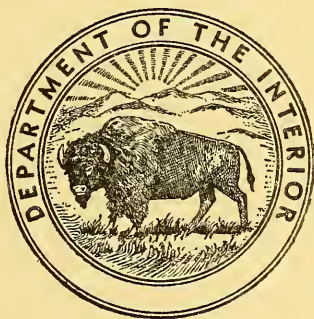





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Annual Report
of the GOVERNOR OF HAWAII
to the
SECRETARY OF THE INTERIOR



FISCAL YEAR ENDED JUNE 30, 1941



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Annual Report of the
GOVERNOR OF HAWAII *to the*
SECRETARY OF THE INTERIOR



FISCAL YEAR ENDED JUNE 30, 1941

UNITED STATES DEPARTMENT OF THE INTERIOR

HAROLD L. ICKES, *Secretary*

TERRITORY OF HAWAII

JOSEPH B. POINDEXTER, *Governor*

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Contents

	Page
Agricultural Adjustment Administration	5
Agriculture and forestry	56
Attorney General's Department	65
Automobiles	80
Banks and trust companies	28
Civil Service Commission	59
Civil Aeronautics Administration	79
Civilian Conservation Corps	59
Commerce	4
Corporations	25
Courts	69
Education. (See Public Instruction.)	
Finances:	
Statements of operations	14
Bonded debt, June 30, 1941	21
Fuel tax act	22
Automobile liability security act	24
Harbor commissioners	81
Hawaiian Homes Commission	48
Health, board of	32
Health Service, Federal Public	35
Home Owners' Loan Corporation	58
Housing Authority, Hawaii	76
Insurance	27

	Page
Institutions, Department of	70
Internal Revenue Service, United States	11
Labor and Industrial Relations, Department of	74
Lands, public	50
Leprosy	36
Libraries	78
National Guard	46
National Park Service	61
Population and race statistics	3
Pineapple industry	5
Public instruction	39
Public utilities	75
Public works	62
Retirement system	82
Secretary of Hawaii	12
Social Security Department, Territorial	7
Social Security, Federal	10
Tourist Bureau, Hawaii	77
University of Hawaii	43
Work Projects Administration	11

Annual Report of The Governor of Hawaii

JOSEPH B. POINDEXTER, Governor

Executive Chambers

HONOLULU, HAWAII,
September 10, 1941.

The SECRETARY OF THE INTERIOR:

SIR: I have the honor to submit the following report on the progress and development of the Territory of Hawaii for the fiscal year ended June 30, 1941.

The year just closed has been a most eventful one in the life of Hawaii. The presence of the United States Fleet, together with increased personnel in local Army and Navy forces and the importation of thousands of civilian workers for defense projects, particularly on the island of Oahu, have taxed to the utmost our facilities for housing, transportation, public education, public utilities, etc.

To meet the housing shortage in the city and county of Honolulu, Army and Navy authorities have completed several large housing projects in and adjacent to military reservations, and the civilian community has erected approximately 2,000 new dwelling units during the past year, with hundreds more under construction. With the great demand for skilled and semiskilled labor on the defense projects, at wages in excess of those offered by local contractors, it has been extremely difficult to get labor for other than defense work, with the result that the civilian construction program has been seriously retarded and building costs have risen considerably.

The legislature met in regular session from February 19 to April 30, 1941, enacting many important measures. A great number of these were administration measures, drawn by the Attorney General's Department, and are listed later in this report under the section covering the activities of that department. One bill of major importance which failed of passage was the so-called M-Day or emergency bill (Senate bill No. 498, House bill No. 490). In reporting on this bill, the Attorney General comments as follows:

This matter was received during the middle of the session and, with an absence of similar legislation elsewhere, necessitated intensive research. The bill was

designed to care for present and prospective emergency conditions in the Territory. It vested in the Governor broad powers in advance of the declaration of an emergency by him, and extraordinary powers upon and after the declaration of such an emergency. After the bill, as drafted, met the approval of certain military authorities, who at the request of the government kindly assisted the department in its preparation, it was introduced simultaneously in both houses of the legislature. Although the bill passed the Senate, which later adopted a conference report accepting (with certain modifications) amendments placed in the bill by the House of Representatives, the House of Representatives failed to adopt the said conference committee report and the bill thus failed to pass.

A special session of the legislature convened on September 15, 1941, and promptly enacted a similar bill into law.

The Selective Service and Training Act was put into operation in Hawaii in September 23, 1940. Total registrations as of June 30, 1941, numbered 61,837. Of this number 69 percent were citizens and 31 percent aliens. Inductions totaled 1,692 selectees. Hawaii has, in addition to this number of selectees, to its credit under the Selective Service Act, the Hawaii National Guard, Reserves and men in the Army, Navy, and Marine Corps, totaling 2,611, or a grand total of 4,004 men in the several services.

Due to the great amount of national defense work in progress throughout the Territory, it is estimated that approximately 5,000 registrants are engaged on defense projects. The gross quota set by National Selective Service Headquarters for Hawaii is 8,307; deducting the 4,004 which have already been credited to Hawaii, a balance of 4,303 men are yet to be inducted to fill Hawaii's quota.

Since the Territory imports over two-thirds of its human and animal feed, it is apparent that any restriction in shipping facilities from the mainland would indicate the need for a large increase in local production. Inasmuch as the 1941 session of the legislature made no provision for stimulating this program, the Governor exercised authority granted him under Act 24, Special Session Laws 1918, covering a similar situation in the First World War. The purpose of the law was to "Provide for an adequate food supply for the inhabitants of the Territory of Hawaii" and included a "revolving fund" of \$200,000 which was never used and is still available. Therefore, on June 20, 1941, the Governor appointed a committee to aid and advise in the discharge of duties incumbent upon him under the 1918 act. The nine members of the committee represent the various agencies concerned with production, storage, and distribution of food, and include one representative of the United States Army. In its recommendations to the Governor, the committee has stressed the need for approval by the Bureau of the Budget of the purchase of designated mainland foodstuffs for surplus storage in Honolulu and for both Federal authority and emergency funds to implement the local plans.

All phases of public school work are affected by the national and community reactions to the present emergency. The enrollment of pupils has been somewhat increased through the arrival of families connected with the armed services and defense work. During the past 2 years the number of children from such families in the Oahu schools alone has increased by more than 2,000. It is probable that by September there will be many more, especially since a major portion of the Pearl Harbor and Hickam Field housing areas will be completed and occupied by that time. To avoid mass transportation of these children over already congested highways, plans are under way for school plants in or adjacent to these housing areas. Existing school plants in this vicinity cannot accommodate many of these children. It is hoped that Federal money will be available for the erection of these badly needed school buildings.

I wish to acknowledge the courtesy of the Department in making available the services of John Harvey, Director of Classification, for a survey of positions in the Territorial government.

Mr. Harvey arrived in Honolulu on September 18, 1940, and for a period of approximately 3 months interviewed department heads and officials of the various departments in a study of 2,160 positions. Mr. Harvey left Honolulu on December 12, 1940, and after returning to Washington, D. C., he and his assistants reviewed the job descriptions submitted by the individual employees and classified the positions. His full report on the findings, together with a proposed bill to put the classification into effect, was submitted to the Governor on March 4, 1941.

From tables submitted by the auditor and the treasurer, which appear later in this report, it will be noted that the financial condition of the Territory is excellent, there being an unappropriated cash surplus in the general fund on June 30, 1941, of \$2,523,594.47.

It is with sorrow and a deep feeling of personal loss that I report the death during the past year of two outstanding public officials of the Territory: Hon. Louis S. Cain, Superintendent of Public Works, and Hon. William C. McGonagle, Treasurer, both of whom died far from home while in the discharge of public business. They were able, high-minded, and diligent public servants, intent ever on the advancement of the public weal. The record of their achievements will always be a bright page in Hawaii's history.

Population and Race Statistics

The population of the Territory increased by 9.4 percent during the past year, bringing the total estimated population on June 30, 1941, to 465,339. During the previous year the increase was only 2.81 percent. By area and race, the population is distributed as follows:

Population estimates as of July 1, 1940, and July 1, 1941

Area	July 1, 1940	July 1, 1941
City of Honolulu.....	180,986	200,158
City and county of Honolulu (exclusive of Honolulu City).....	79,899	110,345
City of Hilo.....	24,341	22,667
County of Hawaii (exclusive of Hilo City).....	49,222	45,731
County of Kalawao.....	465	464
County of Kauai.....	35,956	33,479
County of Maui.....	55,785	52,495
Total.....	426,654	465,339

Race	July 1, 1940		July 1, 1941	
	Citizens	Noncitizens	Citizens	Noncitizens
Hawaiian.....	14,359	-----	14,246	-----
Part-Hawaiian.....	50,470	-----	52,445	-----
Puerto Rican.....	8,322	-----	8,460	-----
Caucasian.....	103,700	2,681	139,299	2,328
Chinese.....	24,245	4,589	24,886	4,351
Japanese.....	121,312	36,678	124,351	35,183
Korean.....	4,517	2,337	4,628	2,253
Filipino.....	17,109	35,498	18,050	34,010
All others.....	807	30	832	17
Total.....	344,841	81,813	387,197	78,142

Commerce

Total commerce of Hawaii during the calendar year 1940 showed an increase of more than \$14,000,000 over 1939, total imports and exports amounting to \$238,506,066 segregated as follows: imports from mainland United States, \$127,439,539; from foreign countries, \$7,999,062; exports to mainland United States, \$102,145,130; to foreign countries, \$922,335.

The principal items of import from the mainland were iron and steel manufactures, \$16,156,367; petroleum and products, \$12,312,290; automobiles and other vehicles, \$7,205,666; electrical machinery and apparatus, \$6,182,207; meat products, \$5,626,125; wood and manufactures, \$5,322,561; tobacco and manufactures, \$5,123,361; industrial machinery, \$5,007,784.

Sugar was the principal item of export to the mainland, being valued at \$47,266,417, while pineapples (including fresh, canned and juice) ran a close second, being valued at \$45,899,359. Canned fish shipped to the mainland was valued at \$986,049 while fiber insulating board was worth \$963,401 and molasses, \$647,116.

Other miscellaneous items of note shipped to the mainland included cattle hides, potatoes, bananas, coffee, nuts, papaya juice and sake.

Hawaii's imports from foreign countries came largely from Japan, which supplied \$2,246,171 worth; British India, \$1,618,661; Canada, \$1,142,530; Chile, \$858,835; Philippine Islands, \$535,591, and China, \$496,700.

Exports to foreign countries went principally to the Philippine Islands, amounting to \$463,551, and to Canada, \$223,847. Japan bought \$54,809 worth of Hawaii's products and China, \$22,860. Coffee and pineapple juice were the principal products exported to foreign countries.

Agricultural Adjustment Administration

During this period this office has been responsible for local administrative activities in connection with the Soil Conservation and Domestic Allotment Act, as amended, the Agricultural Adjustment Act of 1938, and the Sugar Act of 1937.

Payments are made to farmers under the Soil Conservation and Domestic Allotment Act for carrying out farming practices which tend to improve soil fertility and to retard soil erosion. The programs for farmers in the Territory, under this act, correspond in purpose with the general agricultural programs for farmers on the mainland.

Under the program issued by the Secretary of Agriculture pursuant to these acts, and in effect in the calendar year 1940, payments were made to 1,060 farmers, totaling \$107,934.49. This represented an increase of approximately 11 percent over the number of farmers participating in the 1939 program. In addition, price adjustment payments were made to 63 rice growers, totaling \$2,232.98. A program is in effect in 1941 which has been further adapted to the agricultural requirements of the Territory.

Under the Sugar Act of 1937, payments were made to 2,007 growers of sugarcane who met the required conditions set forth in the act. These payments totaled \$8,851,541.48.

The quota provisions of the Sugar Act of 1937 have effectively protected domestic producers from exceptionally low price levels in the world sugar markets. The mainland marketing quota for the calendar year of 1941 for Hawaii is 1,000,177 tons, raw value, while 30,410 tons may be sold locally.

Also pursuant to the provisions of the act, the Secretary of Agriculture, after investigation, has established fair and reasonable wages for those engaged in the production, cultivation and harvesting of sugarcane, and fair prices for sugarcane for the calendar year 1941.

Pineapple Industry

The movement of canned pineapple and pineapple juice continued heavy during the past year. It reflects the sound steady growth of this important part of the Hawaiian economy. The comparative data for the last 5 calendar years, as shown by Department of Commerce records, are as follows:

Year:	Canned pineapple	Canned pineapple juice
1936-----	\$39, 415, 576	\$12, 738, 333
1937-----	43, 505, 918	16, 879, 007
1938-----	25, 056, 257	13, 353, 195
1939-----	34, 715, 119	16, 942, 907
1940-----	27, 902, 645	18, 030, 980

Employment in the industry continued at a high level. Wages were twice substantially increased during the year.

The industry is taking an active part in assisting with civilian defense activities, particularly in its cooperation with Federal and Territorial agencies in preparing for the production of an augmented local food supply. Dr. Walter Carter, of Pineapple Research Institute, is chairman of the Pineapple Producers Cooperative Association, Ltd., Emergency Food Committee. Under his able guidance the committee has done outstanding work in preparing for vegetable production when and if an emergency occurs. It has been of great advantage to the defense work of the Territory to have available the well-organized industries of pineapple and sugar to which to turn for efficient assistance.

Foreign competition of pineapple grown in Japan, Cuba and Malaya continued to increase. Imports from Japan alone increased from 359,764 cases in 1939, to 472,006 cases in 1940. Effective June 8, 1941, the Commissioner of Customs promulgated a new customs regulation which requires that all goods imported from foreign countries be marked with the name of the mother country as well as the name of the colony or possession of that country, if the goods come from a colony or possession. Of particular interest to the pineapple industry in Hawaii is the fact that this will require that all goods imported from Formosa (Taiwan) be labeled "Formosa (Japan)" or "Taiwan (Japan)." Formerly the addition of the word "Japan" was not required and there is strong reason to believe that many housewives were under the erroneous impression that they were buying Hawaiian pineapple when in fact it was produced in Japan. Now the American purchaser will be advised by the label that goods "Packed in Taiwan" are products of Japan and not of Hawaii.

The growth of pineapple imports is shown by the following table, the data for which was obtained from the Bureau of Foreign and Domestic Commerce (converted from pounds to cases of 45 pounds each):

Country of origin	1934	1935	1936	1937	1938	1939	1940
Japan-----	34, 265	70, 863	154, 941	102, 564	9, 932	359, 764	472, 006
Cuba-----	35, 795	38, 588	49, 783	157, 363	146, 592	272, 867	317, 686
British Malaya-----	19, 737	28, 068	51, 168	153, 135	66, 430	39, 237	24, 945
All others-----	903	1, 349	4, 439	3, 349	788	1, 240	315
Total-----	90, 700	138, 868	260, 331	416, 411	223, 742	673, 108	814, 952

Territorial Department of Social Security

In spite of brisk business and plentiful employment during the past year, there was practically no reduction for relief work in Hawaii, most of the recipients of relief being unemployable.

No matter how much work there is for able-bodied men and women, there will always be old, sick, and incompetent adults and young children who will have to be cared for by others. Under the present system, the primary responsibility for those without immediate families in a position to support them falls upon the government.

Not only is the need of such present recipients little affected by the prevailing business activity, but there are elements in the situation which foreshadow increased need to come.

Obligations incurred for relief, Territory of Hawaii, fiscal year 1940-41

Type of assistance	Total obligations incurred	Average number of recipients per month	Average payment
Old-age assistance.....	\$277,585.48	1,801 individuals..	\$12.84
Aid to the blind.....	12,888.25	69 individuals.....	15.57
General assistance.....	242,104.51	293 families.....	30.89
Aid to dependent children.....	533,864.67	732 individuals.....	15.19
Child welfare services.....	133,901.56	1,208 families.....	36.80
	1,200,344.47	648 children.....	17.22

Old-age assistance.—The number of recipients increased slowly but steadily during the year from 1769 in July 1940 to 1825 in June 1941. Single men brought to the Territory as plantation laborers during the last decades of the nineteenth century are reaching the age where they cannot work; they have no families upon whom to depend; with the advent of tax-supported public welfare, plantations are discontinuing pension systems; and the bulk of the old-age assistance load consists of such single old men whose dependency continues as long as they live and whose accession rate exceeds their death rate. While occasional recipients of this type of assistance profit from present employment activity either by finding work for which they would not ordinarily be hired or by depending upon relatives whose incomes are benefitting, the number of cases closed for such reasons during the fiscal year was only 53 as compared with 159 closed because of death and 39 admitted to public institutions out of a total of 288 cases closed. The few who secure work are more than offset by the number becoming too infirm to work.

Aid to the blind.—There is little variation shown by past figures or anticipated for the future for this type of assistance. The number of recipients is little affected by business conditions and is too small to significantly affect total relief figures.

Aid to dependent children.—This type of assistance accounted for 44 percent of the total expenditures for relief during the last fiscal year. As it provides for children under 18 deprived of normal support by the death, physical or mental incapacity, or absence of one or both parents and living in a family with relatives, all of whose needs the allowance may cover, the factors determining both the number of recipients and the amounts of allowances are more complex than is the case under old-age assistance. There is ordinarily a slight seasonal variation during the year because the need of some families is reduced in whole or in part by the work of women and older children during the cannery season. Likewise, increased income of relatives and older children while work is plentiful may reduce need for relief slightly, but the effect to date has been so slight that the figures for recipients and for expenditures for June 1941 are less than 1 percent below the year's average. Families of minor children with no father able to work are no better off because work is plentiful; in fact, their relief allowances buy less as prices rise. True, there is greater turn-over in this load than in old-age assistance, for children eventually become old enough to support themselves and parents who have been ill frequently recover and resume their normal responsibilities, but as fast as old cases can be closed new ones take their places. Assuming that the number of children who can be cared for in their own homes or those of relatives, but whose parents cannot support them, is a fairly stable proportion of the total population, it follows that with the population of the Territory growing as it is now, the number of children in need of this type of assistance may also be expected to increase.

Child welfare services.—This is the designation given to the care and protection of children who have neither parents nor relatives with whom they can live and who may have to be provided for by placement in institutions or in foster homes. The number under care is increasing steadily and may be expected to continue to increase for various reasons. Total provision in the Territory for meeting recognized need for this type of care is inadequate. There is constant pressure on the part of private agencies doing this type of work to transfer their cases to the public agency, which is legally responsible for providing for all dependent persons. There is little turn-over in the case load: responsibility for the support of a child, once assumed, must almost invariably be continued until the child is old enough to be self-supporting.

Of 354 children receiving this type of assistance in Honolulu at the end of September 1940, 75, or approximately 20 percent, were children whose mothers were not married.

General assistance.—Under this heading comes relief for all persons technically ineligible for the special types of assistance discussed above, chiefly single persons and adult groups of persons too old for aid to

dependent children and too young for old-age assistance who are too infirm or incompetent to work or who cannot get work.

Although this is the form of relief most affected by economic fluctuations, the figures show a remarkably stable load. The combined evidence of a study of the total load receiving general assistance in December 1939, and of analysis of cases added throughout the Territory in 1940 shows the reason for this to be that the bulk of the case load consists of unemployable persons who will have to be supported as long as they live, though they may be transferred to old-age assistance when they become 65 years old.

Approximately 75 percent of the single persons are already over 50 years old and there is a comparable proportion of superannuated breadwinners in the family groups. About 30 percent of the recipients are suffering from chronic diseases. Besides this considerable bulk of cases most of whom have to be supported year in and year out there is a smaller number of shifting, temporary cases. This group represents a normal turn-over to be expected because many persons leading a marginal existence will always be thrown upon relief for longer or shorter periods when sick or out of a job or faced with any emergency.

General assistance payments are the type which will be most affected by increased employment and which have already shown a small but steady decrease from \$20,347.02 in January to \$18,459 in June 1941. This is because persons of marginal employability, whose physical condition and habits make them the last hired and the first fired, are (sometimes under considerable pressure) finding work. How many more of this group can be put to work and kept at work is problematical.

New activities.—Most notable among the achievements of the Department of the past year was the entering into an agreement with the Federal Department of Surplus Commodities, for receiving and distributing of surplus commodities to the needy and the undernourished of Hawaii. Arrangements had to be made for warehouses to provide storage space and trucks for transportation. Since the funds of this Department were not sufficient to meet the entire cost of this project, assistance was requested and received from officials of the various counties. With the aid of the WPA and work relievers all labor in repackaging and distributing of food throughout the Territory was accomplished. The first shipment of food arrived in February, with two shipments since. A total of 608,024 pounds was distributed during the months February to June, having a retail value of \$79,843 to an average of 7,953 persons per month for the 5 months, at a total cost to the Territory of \$5,800.34. This cost included the price of a second-hand truck and alterations to four Territorially owned buildings in Honolulu which are being used for warehouse purposes and distributing points.

On January 15, 1941, the old Kapiolani Home became a home for 20 Caucasian and Hawaiian men who were on relief. At present, there are about 30 single men living there at a cost of \$5 per month which includes a bed in a dormitory, with clean sheets and pillow slips furnished and changed at least once each week. This is quite different from their former quarters which in many cases consisted of a room only, very poorly ventilated, no light and without furniture.

The home is operated by the American Legion John Rowe Post under an agreement with this Department, that they will accept the clients of this Department at the rate of \$5 per month for a bed in a dormitory, and a clothes locker. An extra charge of \$10 per month for board is made. All of our clients have the option of paying \$10 per month for board or they can make other arrangements elsewhere.

The home has a capacity of 150 people and permission was granted to the John Rowe Post to utilize the surplus space to furnish lodgings to some 70 to 80 single men imported for defense work from the mainland. So the Kapiolani Home is helping to solve two problems in the community.

Federal Social Security

An estimated total of more than \$660,000 of Federal funds directly benefiting nearly 7,500 islanders came to the Territory under programs of the Social Security Board during the fiscal year. This was distributed approximately as follows: Federal old-age and survivors insurance, \$100,000 (benefiting 1,500 persons); grants to Territorial Unemployment Compensation and Employment Service (for administrative expense only), \$148,721.69; grants to Territorial Department of Social Security (for administrative expense only), \$34,682.03; aid to needy aged, \$137,906.09; aid to needy blind, \$6,345.25; aid to dependent children, \$232,911.44.

All of the foregoing programs have shown a substantial expansion of service to the Territory during the past year and have now become a stabilizing influence of major importance in the community.

This year represents the first full 12-month period of operation of the old-age and survivors insurance program, which is designed to help replace a part of the wage income lost by death of the breadwinner of the family or by retirement at old age. By June, approximately \$19,400 in monthly insurance payments were being disbursed to 1,346 individuals in the Territory. In addition, about \$17,400 was paid out during the year in lump sums to 169 individual survivors of those deceased workers who left no dependents qualifying for monthly payments.

An interesting result of the defense labor shortage has been a slight decrease in the number of aged workers retiring and filing claims. In

other cases, retired workers already receiving old-age insurance payments have asked to have these suspended in order that they might return to employment.

The rise of employment in the Territory has also resulted in an unprecedented increase in social security account numbers assigned. By the close of the fiscal year, more than 175,000 persons had received these well-known cards which identify their old-age and survivors insurance "policies."

In the past year the Federal Security Agency (of which the Social Security Board is a part) was designated by the President as a defense agency responsible, under the direction of Administrator McNutt, for assisting in defense problems of health, welfare and recreation. In addition, the Social Security Board, through its United States Employment Service, has organized the Nation-wide mobilization of skilled workers for defense industries—carried out in Hawaii by the Territorial Employment Service.

United States Internal Revenue Service

Internal revenue receipts increased more than \$4,000,000 over 1940, the total for the fiscal year amounting to \$13,763,998. This was made up principally by corporation income tax, \$4,938,710; individual income tax, \$3,962,842; social security tax (title VIII), \$1,409,804; capital stock tax, \$574,533; fermented liquor stamps, \$484,687; estate tax, \$451,855; admissions and dues taxes, \$430,733, manufacturers sales on sugar tax, \$447,041.

Total disbursements for the year, including salaries, incidental expenses, etc., amounted to \$92,168.

Special tax stamps and certificates of registry issued by the collector for the district of Hawaii totaled 1,653, including retail liquor dealers, 719; practitioners, hospitals, of narcotics, 344; retail dealers in uncolored oleomargarine, 291.

Work Projects Administration

Expenditures of Federal funds during the year amounted to \$1,131,-467.82 of which \$915,657.06 was for labor and \$215,810.76 was for material. This has been broken down as shown below into allocations for Army and Navy projects, non-Federal projects, and the supply fund:

	Labor	Nonlabor	Total
Federal projects.....	\$439,632.96	\$116,275.76	\$555,908.72
Civilian projects.....	473,644.51	81,975.61	555,620.12
Supply fund.....	2,379.59	17,559.39	19,938.98
Total.....			1,131,467.82

These expenditures provided work for an average monthly employment by islands as follows, with the expenditures by islands as shown below:

Islands	Number employed	Amount	Islands	Number employed	Amount
Oahu	656	\$544,021.17	Molokai	51	\$40,234.57
Hawaii	235	232,418.78	Territory wide		34,574.84
Maul	253	192,598.71			
Kauai	115	87,619.75	Total	1,311	1,131,467.82

The principal work under the construction program was airport construction and rehabilitation of buildings, utilities, and roads on Army reservations. The above total cost is broken down herewith to show the expenditures for Federal airports and Territorial airports:

	Labor	Nonlabor	Total
Federal airports	\$55,406.62	\$84,496.06	\$139,902.68
Territorial airports	92,434.64	52,070.27	144,504.91
Projects other than airports	767,815.80	79,244.43	847,060.23
Total	915,657.06	215,810.76	1,131,467.82

In addition to the construction projects, white-collar projects provided employment for approximately 65 persons and were operated under the sponsorship of the Territorial Planning Board, the Department of Public Instruction, the Recreation Commission, the Circuit Court, the Archives of Hawaii, the Bureau of Vital Statistics, the Library of Hawaii, the Library of the University of Hawaii and the Bishop Museum.

Taking all projects into consideration, the average per man monthly cost of WPA operations was \$58.20 for labor and \$13.72 for material, a total of \$71.92.

Secretary of Hawaii

Hawaiian birth registration.—Issuance of certificates of Hawaiian birth has been carried forward since 1905, at which time the legislature of the Territory made provision therefor by appropriate laws.

The Secretary of the Territory may, when satisfied by competent evidence produced before him, or before a duly designated person from his office, that a person was born within the Hawaiian Islands, cause to be issued to such person a certificate attesting such fact. Regulations are from time to time issued by the Secretary, with the approval thereto of the Governor.

Examination of applicants and witnesses to the facts set forth in the applications are made either personally by the Secretary of the Territory, or such other person whom he may designate and appoint from

his office. The present statute requires an application fee of \$5, and for a renewal certificate, \$2.50.

After a lapse of 5 years a certificate may be renewed. The renewal of certificate carries a photograph of the applicant as of the date of reissue.

Up until and inclusive of June 30, 1941, 31,222 certificates have been issued, which includes 507 renewals; 799 applications have been denied during the period, and 586 applications are being held for decision or further investigation.

The Secretary of Hawaii is also charged with the administration of the election laws of the Territory. That official reports an increase of 4,000 registered voters at the 1940 general election over the number registered in 1938, bringing the total in 1940 to 87,312.

Finances

The financial condition of the Territory and its political subdivisions is reflected in the following tables prepared by the Auditor and the Treasurer.

Statements of operations of the Territory of Hawaii and its political subdivisions for the fiscal year ended June 30, 1941

RECEIPTS

Character of receipt	Territory of Hawaii	City and county of Honolulu	County of Maui	County of Hawaii	County of Kauai	Total
A. REVENUE RECEIPTS						
(a) Taxes, special assessments and special charges, fines, forfeits, and escheats:						
1. General property taxes.....	\$2,153,269.96	\$4,450,000.00	\$871,363.24	\$1,557,878.08	\$562,222.57	\$9,414,753.85
2. Special taxes.....	11,440,123.14	1,345,842.60	4,630.97	16,810.81	4,442.23	12,811,568.75
3. Poll taxes.....	7,067,727.29	294,543.50	238,199.60	257,114.50	146,982.20	8,007,731.04
4. Business license taxes.....	2,583,760.84	923,332.61	165,434.38	633.00	121,466.39	3,540,600.64
5. Nonbusiness license taxes.....	135,506.30	291,435.85	19,700.67	21,908.51	7,203.90	1,349,386.28
6. Special assessments and special charges.....	42,933.75	187,923.98				234,369.60
7. Fines, forfeits, and escheats.....	2,191.39					241,934.45
Total (a).....	17,034,534.67	7,496,055.29	1,319,368.86	1,657,344.90	862,317.89	28,399,631.61
(b) Subventions and grants, donations, and pension assessments:						
8. Subventions and grants.....	2,347,200.46	189,615.24	165,234.00	137,600.00	66,297.45	2,905,967.15
9. Donations.....	49,617.39					49,617.39
10. Pension assessments.....	493,750.03					493,750.03
Total (b).....	2,890,567.88	189,615.24	165,234.00	137,600.00	66,297.45	3,449,334.57
(c) Highway privileges, rents of investment properties, and interest:						
12. Rent of investment properties.....	549,375.25	14,141.30	1,125.00	17,600.56		582,242.11
13. Interest.....	1,373,470.64	78,159.79	337.82	5,686.98	7,468.99	1,470,184.22
Total (c).....	1,927,845.89	92,301.09	1,522.82	23,287.54	7,468.99	2,032,426.33
(d) Earnings of general departments and public service enterprises from fees, charges, rents and sales.....	1,748,840.28	1,889,750.06	189,814.57	305,617.35	134,173.97	4,268,496.23
Total revenue receipts.....	23,631,788.72	9,667,751.60	1,675,980.25	2,123,849.79	1,070,358.30	38,169,908.74
B. NONREVENUE RECEIPTS						
From debt obligations.....	3,226,403.45	1,614,164.25	696,810.26	270,000.00	160,000.00	5,967,377.96
From other civil divisions.....		23,378.14	1,930.00		267.79	25,605.93
For objects of private trust.....				1,790.00		1,790.00
From sale of investments.....	1,481,981.81	16,314.76				1,498,296.57
From repayments of loans to Counties.....	460,935.54					460,935.54
From offsets to outlay payments.....			24,347.25			24,347.25
From counterbalancing receipts.....	62,132.79		2,269.12	86,838.45	7,055.54	158,295.90
Total nonrevenue receipts.....	5,231,453.59	1,653,857.15	725,386.63	358,628.45	167,323.35	8,136,649.15

C. TRANSFER RECEIPTS

Nonrecoverable transfers from other funds.....
Temporary loans from other funds and/or repayments of temporary loans to other funds.....

Total transfer receipts.....

Total receipts.....

D. AVAILABLE CASH

Available cash at beginning of year.....
Reserve for encumbrances December 31, 1939.....

Grand total.....

	3, 859, 718. 33	1, 341, 696. 93	53, 251. 20	301, 739. 02	141, 097. 38	
	1, 755, 000. 00		224, 000. 00	34, 451. 20		
Total transfer receipts.....	5, 594, 718. 33	1, 341, 696. 93	277, 251. 20	336, 190. 22	141, 097. 38	
Total receipts.....	34, 457, 960. 64	12, 663, 305. 76	2, 678, 598. 08	2, 818, 668. 46	1, 378, 979. 01	46, 306, 557. 89
Available cash at beginning of year.....	11, 902, 110. 17	1, 389, 924. 07	55, 738. 28	113, 973. 29	313, 884. 43	13, 775, 630. 24
Reserve for encumbrances December 31, 1939.....		584, 535. 98				584, 338. 98
Grand total.....	46, 360, 070. 81	14, 637, 560. 81	2, 734, 336. 36	2, 932, 641. 75	1, 692, 863. 44	60, 696, 527. 11

PAYMENTS

Object of payment	Territory of Hawaii	City and county of Honolulu	County of Maui	County of Hawaii	County of Kauai	Total
A. GOVERNMENTAL COST PAYMENTS						
General government.....	\$1, 333, 485. 79	\$772, 859. 01	\$147, 447. 60	\$252, 738. 41	\$115, 250. 91	\$2, 621, 790. 80
Protection to person and property.....	657, 089. 39	1, 260, 824. 05	161, 994. 26	203, 369. 52	117, 826. 21	2, 438, 106. 43
Conservation of health.....	1, 616, 996. 15	137, 033. 90	17, 457. 34	17, 457. 34		1, 788, 944. 56
Sanitation or promotion of cleanliness.....		732, 684. 54	54, 149. 08	15, 419. 43	14, 537. 91	854, 390. 76
Development and conservation of natural resources.....	624, 923. 73					624, 923. 73
Highways.....	779, 055. 88	1, 186, 980. 52	293, 871. 05	500, 190. 04	460, 745. 71	3, 220, 822. 23
Charities, hospitals, and corrections.....	2, 637, 035. 30	580, 894. 34	379, 757. 70	470, 043. 43	167, 023. 37	4, 255, 501. 11
Education.....	7, 693, 867. 55	946, 331. 66	240, 655. 57	277, 005. 09	182, 355. 22	9, 340, 215. 09
Recreation.....	33, 265. 11	446, 089. 01	27, 972. 14	66, 706. 14	40, 376. 34	493, 379. 74
Miscellaneous.....	991, 179. 53	382, 053. 74	97, 392. 40	101, 959. 62	66, 145. 31	1, 638, 730. 60
Total, Divisions 1 to 15.....	16, 387, 698. 43	6, 445, 759. 77	1, 403, 849. 88	1, 961, 949. 02	1, 173, 273. 01	27, 372, 530. 11
Public service enterprises.....	309, 416. 07	2, 325, 692. 47	67, 054. 43	52, 259. 35	72, 282. 61	2, 826, 704. 93
Interest.....	1, 302, 930. 50	494, 629. 79	125, 298. 25	107, 347. 79	72, 281. 85	2, 102, 458. 18
Total governmental cost payments.....	18, 000, 045. 00	9, 296, 082. 03	1, 596, 172. 56	2, 121, 556. 16	1, 317, 837. 47	32, 301, 693. 22
B. NONGOVERNMENTAL COST PAYMENTS						
For debt obligations.....						
To other civil divisions.....	4, 905, 000. 00	535, 072. 09	806, 588. 54	123, 275. 20		6, 369, 933. 83
For objects of private trust.....			1, 960. 00			1, 960. 00
For investments purchased.....				1, 790. 00		1, 790. 00
For increase of storehold supplies.....	2, 725, 816. 90					2, 725, 816. 90
Outlay payments effect by receipts.....						
Counterbalancing payments.....				3, 631. 73	2, 847. 34	6, 479. 07
Total nongovernmental cost payments.....	23, 518. 19		12, 789. 37	45, 192. 37	97. 14	12, 789. 37
	7, 654, 335. 09	535, 072. 09	835, 164. 91	173, 087. 30	2, 944. 48	82, 634. 70
						9, 201, 403. 87

18 · Report of the Governor of Hawaii

Statement showing the unappropriated surplus of the general fund, at the close of the 1939-41 biennium, ended June 30, 1941

(CASH BASIS)

	Obligations and encum- brances (Debit)	Revenues and lapses (Credit)	Balance
REVENUES AND LAPSES			
July 1, 1939:			
Unappropriated surplus brought forward from the 1937-1939 biennium ended June 30, 1939, per last report			\$960, 265. 79
Total set-up for estimated revenues for the 1939-1941 biennium by the Director, Bureau of the Budget	\$27, 267, 408. 85		
May 15, 1940: Additional revised estimated revenues (first revision)		1, 377, 913. 16	
December 31, 1940: Additional revised estimated revenues (second revision)		1, 306, 981. 99	
June 30, 1941:			
Additional revised estimated revenues (final revision)		1, 681, 299. 21	
Nonbudgetary revenues (Federal subventions and grants)		181, 506. 54	
Miscellaneous revenues not otherwise specified		17, 788. 80	
Recovery for legislative expenses reserved from 1937-39 biennium		100, 000. 00	
Unrequired balances of appropriations lapsed for the 1939-41 biennium		669, 590. 36	
Total credits to unappropriated surplus			32, 692, 488. 91
Total means of financing			33, 612, 754. 70
OBLIGATIONS AND ENCUMBRANCES			
July 1, 1939: Total obligations and appropriations for the 1939-41 biennium as authorized by the 1939 legislature			
Fixed charges:			
Interest on the funded debt	\$2, 765, 846. 50		
Sinking fund charges	955, 534. 82		
Retirement of serial bonds	1, 247, 000. 00		
			\$4, 968, 381. 32
Continuing appropriations:			
Pensions	70, 872. 00		
Sundries	26, 680. 00		
			97, 552. 00
Appropriations by general and special acts of the 1939 legislature	24, 682, 612. 38		
Reserves	125, 000. 00		
Total			29, 873, 545. 70
June 30, 1941:			
Total obligations and appropriations for the 1939-41 biennium as authorized by the 1941 legislature	1, 152, 025. 35		
Sundry continuing appropriations	14, 906. 87		
Sundry refund payments	771. 59		
Special transfer to harbor board special fund (Act 142, S. L. 1941)	87, 910. 72		
Total			1, 255, 614. 53
Total obligations and appropriations			31, 129, 160. 23
Balance, unappropriated surplus (cash basis)			\$2, 523, 594. 47

Report of the Governor of Hawaii · 19

Statement of specified assets and value of public properties (acquired) at close of fiscal year ended June 30, 1941

CHARACTER OF ASSETS

A. CASH

	Amount
1. General fund	\$2,293,410.77
2. Special expendable fund	9,524,948.67
Reserve for redemption of serial bonds due and payable	\$6,000.00
Reserve for redemption of interest coupons due and payable	240,654.14
For other purposes	9,278,294.53
3. Loan fund	412,011.63
4. Working capital funds	702,069.59
5. Public trust fund	229,825.90
6. Sinking fund	549,002.18
7. Private trust funds	401,046.09
8. Clearance fund	6,009,289.44
 Total	 <u>20,121,604.27</u>

B. INVESTMENTS (par value)

1. General fund	254,607.99
University of Hawaii:	
a. Notes receivable	\$324.39
b. Advances receivable:	
Board of Harbor Commissioners	165,000.00
Hawaii Housing Authority	30,033.21
Department of Public Lands	45,522.09
Department of Public Works	2,321.36
City and county of Honolulu	11,406.94
2. Special expendable funds	9,549.39
University of Hawaii:	
a. Other than Territorial bonds	6,856.10
Territorial Highway Department:	
b. Advances receivable	2,693.29
3. Loan fund	9,746,651.18
a. Loans to city and county of Honolulu	5,152,481.88
b. Loans to county of Maui	1,543,314.17
c. Loans to county of Hawaii	2,518,666.48
d. Loans to county of Kauai	532,188.65
4. Working capital funds	841,768.78
Hawaiian Homes Loan Fund:	
a. Real property	750.00
b. Notes receivable	549,506.57
c. Advances receivable	8,592.39
Farm Loan Board:	
d. Real property	21,100.34
e. Notes receivable	259,008.03
f. Advances receivable	1,199.55
Department of public works:	
g. Advances receivable	1,611.30
5. Public trust fund	12,040,542.73
Employees' retirement fund:	
a. Territorial bonds	800,938.65
b. Other than Territorial bonds	11,229,604.98
Insurance fund:	
c. Other than Territorial bonds	10,000.00
6. Sinking fund	10,490,550.00
a. Territorial bonds	5,960,000.00
b. Other than Territorial bonds	4,530,550.00
 Total	 <u>33,383,670.07</u>
 Grand total, specified assets	 <u>53,505,274.34</u>

20 · Report of the Governor of Hawaii

Statement of indebtedness, at the close of fiscal year ended June 30, 1941

CHARACTER OF INDEBTEDNESS

A. FUNDED DEBT

1. Term bonds (20-30 years) not due:

Public improvement bonds:	Amount
4½ percent, June 1, 1922, due 1952/42	\$1,350,000.00
4½ percent, Oct. 1, 1923, due 1953/43	1,800,000.00
4½ percent, Oct. 1, 1923, due 1953/43	75,000.00
4½ percent, Apr. 1, 1924, due 1954/44	2,285,000.00
4½ percent, Oct. 1, 1925, due 1955/45	2,590,000.00
4½ percent, May 1, 1926, due 1956/46	1,540,000.00
4½ percent, Oct. 15, 1926, due 1956/46	1,805,000.00
4½ percent, Jan. 15, 1927, due 1957/47	385,000.00
4½ percent, Nov. 15, 1927, due 1957/47	50,000.00
	<hr/> 11,880,000.00

2. Serial bonds not due:

Public improvement bonds:	
4½ percent, Nov. 15, 1927, due 1941/56	1,760,000.00
4¼ percent, May 15, 1928, due 1942/57	1,008,000.00
4¼ percent, Feb. 1, 1929, due 1942/58	799,000.00
4¾ percent, Nov. 15, 1929, due 1941/58	1,404,000.00
4¼ percent, June 30, 1931, due 1942/60	228,000.00
4¼ percent, Mar. 1, 1932, due 1942/60	309,000.00
3 percent, Dec. 1, 1935, due 1941/64	1,680,000.00
3 percent, Dec. 1, 1936, due 1941/54	274,000.00
3 percent, June 15, 1937, due 1942/61	100,000.00
3.1 percent, Nov. 15, 1937, due 1941/56	2,934,000.00
2¼ percent, July 10, 1938, due 1941/57	2,726,000.00
2¼ percent, Feb. 20, 1939, due 1941/50	317,000.00
2¼ percent, Sept. 1, 1939, due 1941/50	150,000.00
	<hr/> 13,689,000.00

3. Refunding serial bonds not due:

Public improvement bonds:	
1¾ percent, Sept. 1, 1935, due 1941/44	2,400,000.00
1.7 percent, Sept. 1, 1935, due 1941/44	960,000.00
2.1 percent, July 20, 1936, due 1941/45	1,750,000.00
2.7 percent, Nov. 15, 1937, due 1941/47	1,160,000.00
2¼ percent, Nov. 1, 1939, due 1941/50	2,400,000.00
2¼ percent, Jan. 6, 1941, due 1943/50	800,000.00
2¼ percent, Nov. 1, 1939, due 1941/49	1,500,000.00
	<hr/> 10,970,000.00

Total Funded Debt not due..... 36,539,000.00

4. Refunding serial bonds due and payable:

Public improvement bonds:	
2¼ percent, Sept. 15, 1919, refunded Nov. 1, 1939	4,000.00
2¼ percent, Sept. 20, 1920, refunded Nov. 1, 1940	47,000.00
2¼ percent, Dec. 31, 1920, refunded Jan. 6, 1941	20,000.00
4¼ percent, May 15, 1928, due May 15, 1940	3,000.00
4¼ percent, May 15, 1928, due May 15, 1941	3,000.00
	<hr/> 77,000.00
Total funded debt due	77,000.00
Grand total funded debt, outstanding	<hr/> 36,616,000.00

B. WARRANTS PAYABLE

1. General fund	420,428.09
2. Special expendable fund	212,891.12
3. Loan fund	15,161.71
4. Working capital funds	26,570.95
5. Private trust funds	7,809.24
6. Clearance fund	39,816.34
Total, warrants payable	<hr/> 722,677.45

Statement of indebtedness, at the close of fiscal year ended June 30, 1941—Continued

CHARACTER OF INDEBTEDNESS—continued

C. BOND INTEREST COUPONS DUE AND PAYABLE		Amount
1. Special expendable funds.....		\$240,654.14
D. PRIVATE TRUST ACCOUNTS		
1. Private trust funds.....		566,917.80
Taxes paid under protest.....	\$152,268.17	
Bond funds deposited by counties.....	147,518.61	
Unavailable miscellaneous receipts.....	267,131.02	
E. UNDISTRIBUTED COLLECTIONS		
1. Clearance fund.....		5,969,473.10
Grand total, indebtedness.....		44,115,722.49

Cash balances of Territorial funds

Funds	June 30, 1940	June 30, 1941
General.....	\$3,154,859.18	\$2,292,190.77
Special expendable.....	7,299,564.17	9,240,768.29
Revolving.....	791,629.34	701,969.59
Trust.....	1,590,512.26	401,046.09
Loan.....	611,944.86	412,011.63
Sinking.....	650,618.67	549,002.18
Clearance.....	354,448.81	6,009,289.44
Total.....	14,453,577.29	19,606,277.99

Statement showing segregation of bonded debt as of June 30, 1941

Date of issue	Term	City and county of Honolulu	County of Maui	County of Hawaii	County of Kauai	Territorial Purposes	Total
<i>Percent</i>							
June 1, 1922.....	4½	110,000.00	75,000.00	180,000.00	90,000.00	895,000.00	1,350,000.00
Oct. 1, 1923.....	4½	241,019.51	170,722.15	402,703.44	90,382.32	970,172.58	1,875,000.00
Apr. 1, 1924.....	4½	943,701.04	106,784.57	131,209.77	60,558.36	1,042,746.26	2,285,000.00
Oct. 1, 1925.....	4½	100,000.00	202,500.00	560,000.00	70,000.00	1,657,500.00	2,590,000.00
May 1, 1926.....	4½	295,000.00	97,500.00	145,000.00	10,000.00	992,500.00	1,540,000.00
Oct. 15, 1926.....	4½	300,000.00	145,000.00	345,000.00	70,000.00	945,000.00	1,805,000.00
Jan. 15, 1927.....	4½	275,000.00	-----	100,000.00	-----	10,000.00	385,000.00
Nov. 15, 1927.....	4½	-----	-----	-----	-----	50,000.00	50,000.00
Nov. 15, 1927 serial.....	4½	460,160.00	128,000.00	281,600.00	3,200.00	887,040.00	1,760,000.00
May 15, 1928.....	4½	131,840.00	51,200.00	112,000.00	35,200.00	677,754.25	1,007,994.25
Feb. 1, 1929.....	4½	375,377.26	57,800.00	119,000.00	95,200.00	151,622.74	799,000.00
Nov. 15, 1929.....	4½	45,458.26	-----	-----	-----	1,357,497.08	1,402,955.34
June 30, 1931.....	4½	-----	-----	-----	-----	227,961.57	227,961.57
Mar. 1, 1932.....	4½	-----	-----	-----	-----	306,806.89	306,806.89
Sept. 1, 1935.....	1¾	763,999.87	271,998.51	485,674.24	142,203.89	736,123.49	2,400,000.00
Do.....	1¾	70,821.21	94,046.64	63,912.87	-----	731,219.28	960,000.00
Dec. 1, 1935.....	3	643,200.00	297,600.00	460,800.00	192,000.00	86,400.00	1,680,000.00
July 20, 1936.....	2½	373,111.68	-----	-----	-----	1,376,888.32	1,750,000.00
Dec. 1, 1936.....	3	89,000.00	-----	50,000.00	-----	134,921.85	273,921.85
June 15, 1937.....	3	11,000.00	-----	-----	-----	89,000.00	100,000.00
Nov. 15, 1937.....	2½	403,803.14	27,607.78	345,400.60	-----	383,188.48	1,160,000.00
Do.....	3½	1,311,409.10	424,985.44	284,509.10	-----	913,095.83	2,933,999.47
July 10, 1938.....	2½	1,124,026.33	185,133.75	406,160.78	89,733.19	920,945.95	2,726,000.00
Feb. 20, 1939.....	2½	-----	-----	65,000.00	-----	252,000.00	317,000.00
Sept. 1, 1939.....	2½	-----	150,000.00	-----	-----	1,137,500.00	1,500,000.00
Nov. 1, 1939.....	2½	-----	12,500.00	350,000.00	-----	1,400,101.39	2,400,000.00
Nov. 1, 1940.....	2½	765,228.53	81,624.37	153,045.71	-----	800,000.00	800,000.00
Jan. 6, 1941.....	2½	-----	-----	-----	-----	-----	-----
Total.....		8,833,155.93	2,580,003.21	5,041,016.51	948,477.76	19,132,985.06	36,535,639.37
Unallotted balance.....		-----	-----	-----	-----	-----	3,360.63
Total.....		-----	-----	-----	-----	-----	36,539,000.00

Hawaiian Fuel Tax Act

Chapter 64, Revised Laws of Hawaii 1935, as amended by Acts 172 and 189, Session Laws 1937, and by Act 254, Session Laws 1939, provides for a tax of 4 cents for each gallon of liquid fuel, including diesel oil, refined, manufactured, produced or compounded by a distributor and sold or used in the Territory, or imported, or acquired from persons not licensed distributors and sold or used in the Territory. The act went into effect at midnight on March 31, 1932.

The act excludes the tax on fuel imported into the Territory in interstate or foreign commerce while and so long as such fuel is beyond the taxing power of the Territory. Fuel sold for the use in and actually delivered to, or sold in the county of Kalawao is likewise exempt from the tax.

Fuel exported or sold to the Government of the United States or any department thereof for the exclusive use of the Government is also exempt.

The act provides for a reimbursement of 3 cents for each gallon of diesel oil used for any purpose other than operating a motor vehicle upon the public highways, provided the claim is filed in affidavit form with the distributor at the time of purchase or with the Territorial treasurer within 90 days after the payment of the tax.

On June 16, 1936, the Congress of the United States passed an act authorizing the Territory to levy its liquid fuel tax upon sales of gasoline and other motor vehicle fuels, in the same manner and to the same extent, upon such fuels when sold by or through post exchanges, ship stores, ship service stores, commissaries, filling stations, licensed traders and other similar agencies, located on United States military or other reservations, when such fuels are not for the exclusive use of the United States. Prior to the passing of this act, all sales to the above agencies were given full exemption. Since July 1, 1936, the tax as above authorized has been levied and collected.

The tax is collected from the distributors by the Territorial treasurer, and disposed of in the following manner:

(1) For "Territorial Highway Fund", \$100,000 to be deducted on a prorata basis of the total amount of collections for each county.

(2) For payment of interest on term and serial bonds, sinking fund charges on term bonds due during the year of allocation, and payments of principal of serial bonds due during the year following the year of allocation on:

(a) Territorial bonds issued for Territorial highway purposes.

(b) Territorial bonds issued for the counties, the proceeds of which may have been spent upon county highways.

(c) County bonds issued for county highway purposes, including

bonds, the payment of the principal and interest of which is required by law to be made out of the permanent improvement fund of such county.

(3) Surplus collections, after the payment of the items mentioned above, paid to each county concerned to be held in a special account "Fuel Tax Highway Fund" and expended only for the construction, maintenance, improvement, and repair of public roads and highways in such county.

(4) Collections made on fuel sold for use and used in airplanes set aside in special account "Territorial Airport Fund" and expended for the construction, repair, and maintenance of the Territorial airports or Territorial hangars.

Collection of the tax is made on a calendar year basis.

Comparative liquid fuel tax collections for the calendar years
1932-40

Year	City and county of Honolulu			County of Maui			Total for year
	Diesel oil	Aviation gas	Other gas	Diesel oil	Aviation gas	Other gas	
1932			\$415,261.59			\$110,077.44	
1933	\$26,072.50		531,848.73	\$2,148.26		134,544.57	
1934	32,136.12		553,393.83	3,699.60		143,885.16	
1935	35,823.75		588,018.96	4,208.90		142,447.56	
1936	36,490.28		693,170.27	9,344.08		149,805.78	
1937	40,201.96	\$5,745.33	785,592.95	11,650.83	\$70.77	155,077.53	
1938	145,521.89	10,806.80	1,105,952.56	53,256.02	110.62	216,625.86	
1939	155,307.94	8,382.76	1,165,933.92	53,423.16	64.20	213,616.44	
1940	159,863.60	11,141.84	1,355,934.09	60,213.69	129.00	223,017.72	
Year	County of Hawaii			County of Kauai			Total for year
	Diesel oil	Aviation gas	Other gas	Diesel oil	Aviation gas	Other gas	
1932			\$113,456.46			\$67,543.62	\$706,339.11
1933	\$4,022.80		156,050.88	\$5,861.68		94,266.66	954,816.08
1934	5,909.64		159,929.01	7,777.21		96,533.55	1,003,264.12
1935	5,741.15		157,008.93	6,584.02		95,697.30	1,035,530.57
1936	7,831.88		174,024.84	6,831.74		106,978.92	1,184,477.79
1937	8,746.31	\$1,941.87	188,466.51	8,781.07	\$2.52	109,703.10	1,315,974.75
1938	36,708.48	3,200.89	262,680.74	38,811.16		160,687.56	2,034,362.58
1939	45,294.90	2,692.64	276,348.96	40,637.63	8.48	169,462.18	2,131,173.21
1940	64,943.11	4,039.16	287,332.04	37,462.37	23.32	170,653.84	2,374,753.78

DISTRIBUTED SURPLUS

[Included in above collections]

Year	Honolulu	Maui	Hawaii	Kauai	Total for year
1932		\$1,446.80	\$17,685.90	\$28,515.02	\$47,647.72
1933	\$16,555.74	32,654.60	8,696.68	61,430.46	119,337.48
1934	63,588.85	42,220.33		58,085.81	163,894.99
1935	171,831.59	40,872.11		56,180.79	268,884.49
1936	323,902.25	52,590.74	19,406.72	65,990.13	461,889.84
1937	417,492.06	62,060.61	21,061.25	71,496.50	572,110.42
1938	712,680.99	112,960.95	39,037.73	127,291.05	992,020.72
1939	744,875.95	93,881.35	20,833.33	126,411.19	986,059.82
1940	924,190.34	86,911.23	29,471.81	126,470.56	1,167,043.94

Comparative liquid fuel tax collections for the calendar years 1932-40—Continued

DIESEL OIL COLLECTIONS REFUNDED

[Included in above collections]

Year	City and County of Honolulu	County of Maui	County of Hawaii	County of Kauai	Total for year
1938.....	\$102,376.07	\$39,243.03	\$20,126.49	\$26,837.40	\$188,582.99
1939.....	107,912.44	37,888.30	29,377.61	27,767.40	202,945.75
1940.....	111,467.46	42,950.74	47,803.34	25,851.14	228,072.68

NOTE.—For the years 1932 to 1937, inclusive, the tax per gallon was 1 cent for diesel oil and 3 cents for gasoline. In 1938 to 1940 the tax per gallon was 4 cents for diesel oil and for gasoline.

Uniform Automobile Liability Security Act

Chapter 84, Revised Laws of Hawaii 1935, as amended by Act 186, Session Laws 1935, and by Act 99, Session Laws 1939, provides that whenever a chauffeur's or operator's license has been revoked upon a conviction of any offense, such a license shall not at any time thereafter be issued to the person whose license has been revoked until such person has furnished proof of financial responsibility. It further provides that a license shall not be issued to a person who, within the twelve months' period next preceding such person's application therefor, while operating a motor vehicle either within or outside of the Territory, had more than two accidents, due to his own negligence, which caused injury to persons or damage to property, including motor vehicles operated by such person, amounting in the aggregate to more than \$200, until proof of financial responsibility has been furnished. It further provides that if within fifteen days after it becomes final, any person fails to satisfy any judgment in excess of \$100 rendered against him by a court of jurisdiction in this or any other Territory, State or the District of Columbia for damages on account of personal injury or damage to property resulting from the operation by him, his agent or any other person with his consent of a motor vehicle owned by him, or the operation by him or his agent of a motor vehicle not owned by him, his license and all of his registration certificates shall be suspended, and shall remain suspended while such judgment remains unsatisfied and subsisting and until he has furnished proof of financial responsibility. The act went into effect December 31, 1933.

Proof of financial responsibility means proof of ability to respond to damages resulting from the operation or ownership of motor vehicle in the amount of \$5,000 for injury or death to any person, and subject to such limit, to the amount of \$10,000 for injury or death to two or more persons in one accident, and to damage to property in the amount of at least \$1,000. Such proof may be evidenced by a policy of insurance written by an insurance carrier duly authorized to transact

business within the Territory for the above amounts, or by a surety bond having for surety, a corporation duly authorized to transact a surety business within this Territory, or a bond executed by two or more individuals owning real estate within the Territory, the present value of which after deducting the amount of existing encumbrances, is at least two times the principal amount of the bond, or by the deposit with the Treasurer of the sum of \$11,000 in cash.

In the case of a person whose license is suspended for heedless and reckless driving, after the period of 1 year from the date of suspension, regardless whether proof has been furnished or not, he may apply to the court which suspended his license to show cause why the requirement of furnishing proof should be canceled and his driver's license restored if he has not been driving or, if proof has been furnished such proof be no longer required. In the case of a person whose license has been suspended because of driving while intoxicated, the waiting period is 2 years as compared to 1 year for those who lost their licenses for heedless and reckless driving.

License suspensions as of December 31, 1940

Violation	Oahu	Hawaii	Maui	Kauai	Totals
Driving while intoxicated:					
Revocations up to December 31, 1939.....	414	21	38	27	500
Calendar year 1940.....	132	8	11	7	158
Total.....	546	29	49	34	658
Heedless, reckless driving:					
Revocations up to December 31, 1939.....	362	10	37	11	420
Calendar year 1940.....	5	0	1	0	6
Total.....	367	10	38	11	426
Speeding: Calendar year 1940.....	1	0	0	0	1
Failure to satisfy judgment: Calendar year 1940.....	4	0	0	0	4

Corporations

Chapter 221, Revised Laws of Hawaii 1935, as amended by Acts 96, 129, 146, 152 and 158, Session Laws 1935, by Acts 9, 15, 18, 93, 133, 159, 233 and 245, Session Laws 1937, and by Acts 21, 22, 30, 31, 48, 66, 67, 74, 78, 82, 84, 89, 95, 96, 97, 102, 113 and 125, Session Laws 1939, governs the incorporation of domestic joint stock, eleemosynary and fiduciary corporations. Chapter 221-A (Act 73, Session Laws 1937), a new chapter to the Revised Laws of Hawaii 1935, provides for the merger and consolidation of corporations. Chapter 222, Revised Laws of Hawaii 1935, as amended by Acts 89, 91 and 92, Session Laws 1937, provides for the qualification and withdrawal of corporations organized under the laws of any state of the United States, or of any foreign state or country, which shall undertake to do business in the Territory.

Classification of domestic corporations as of June 30, 1941

Classification	Number of corporations	Authorized capital	Classification	Number of corporations	Authorized capital
Agricultural:			Public utilities:		
Sugar.....	36	\$101,285,000	Gas and electric.....	12	\$14,510,000
Sugarcane products.....	1	800,000	Telephone.....	1	4,000,000
Sugar factors.....	7	34,150,000	Railroads.....	3	9,554,960
Pineapple.....	10	26,682,000	Steamship.....	2	5,862,500
Macadamia nuts.....	1	250,000	Street car and bus.....	10	3,192,000
Poi.....	2	6,500	Airway.....	1	500,000
Coffee.....	4	145,000	Water rights.....	9	6,316,738
Avocado.....	1	660,000			
Rubber and cocoanut.....	3	1,475,000	Total.....	38	43,936,198
Ranches and farms.....	19	3,475,000			
Unclassified.....	6	260,000	Retail and wholesale:		
Total.....	90	169,188,500	General merchandise.....	193	21,861,600
Financial:			Foodstuffs.....	20	2,116,300
Estates.....	13	6,337,000	Liquor.....	13	696,815
Trust.....	7	2,900,000	Drugs.....	14	1,181,915
Banks.....	8	4,750,000	Service stations.....	21	553,500
Insurance.....	3	319,000	Building materials.....	19	6,756,500
Insurance agencies.....	15	1,313,990	Auto dealers.....	38	6,072,520
Building and loan.....	7	17,000,000			
Real estate, mortgage finance and investment.....	132	22,139,950	Total.....	318	39,239,180
Rentals and leasing of buildings.....	17	2,460,550	Miscellaneous:		
Holding companies.....	6	5,350,000	Contracting.....	33	1,863,500
Adjustors, appraisers, etc.....	6	51,100	Publishing and printing.....	34	2,589,570
Total.....	214	62,621,590	Cleaners and dyers.....	7	407,000
Manufacturing:			Amusements, entertainments, clubs, sports, etc.....	26	5,602,750
Foodstuffs.....	26	1,935,600	Hauling and draying.....	13	3,433,950
Beverages, soda water and ice.....	31	2,803,550	Hotels and inns.....	14	4,166,500
Tailoring.....	3	172,000	Professional.....	14	546,000
Welding and metal works.....	11	323,000	Unclassified.....	57	5,715,500
Miscellaneous.....	14	593,500			
Total.....	85	5,827,650	Total.....	198	24,324,770
			Grand total.....	943	345,137,888

Domestic eleemosynary corporations as of June 30, 1941

Domestic eleemosynary corporations as of June 30, 1940.....	462
Created between July 1, 1940 and June 30, 1941.....	12
	474
Dissolved between July 1, 1940 and June 30, 1941.....	---
As of June 30, 1941.....	474

Foreign corporations authorized to do business in the Territory as of June 30, 1941

Foreign commercial corporations as of July 1, 1940.....	77
Less withdrawn and suspended.....	3
	74
Add foreign corporations qualified.....	8
Total foreign commercial corporations as of June 30, 1941.....	82
1940-1941 foreign corporation licenses issued.....	70
Foreign commercial corporations exempted by section 6772, revised laws 1935.....	12
Foreign eleemosynary corporations qualified as of June 30, 1941.....	10
Total foreign corporations qualified as of June 30, 1941.....	92

Insurance

The Insurance Bureau of the Territory was created in 1903 and is under the supervision of the Treasurer of the Territory of Hawaii, who is ex-officio insurance commissioner.

The following is a brief summary of the insurance business for the calendar year of 1940.

Premiums.—There were 166 insurance companies authorized to do business in the Territory as of December 31, 1940, and the volume of business set an all time high over the previous record of 1939. Total net premiums for 1940 were \$9,860,662.75, which is \$462,230.42 more than 1939 or a 4.92 percent increase.

Losses.—Against this increase in volume there has been a sharp rise in losses totaling \$3,395,649 in 1940 or \$553,276 more than 1939. This is a 19.47 percent increase over the preceding year.

Life insurance had the largest increase in losses amounting to \$266,808 over 1939, while ocean marine increased by \$102,363. Automobile insurance other than fire had a loss increase of \$178,473 over 1939 while auto loss by fire decreased by \$95,588 during the same period. Workmen's compensation insurance statistics reflect the increased industrial tempo by a rise in premiums and losses. However, there has been a decrease in the loss ratio from 36.84 percent in 1939 to 35.43 percent in 1940.

Taxes—Income.—The tax receipts on insurance for 1939 of \$222,576.83 was increased by \$11,613.84 in 1940 to a total of \$234,190.67. This is in line with the increased volume of net premiums. Income from filing fees and licenses remained nearly the same.

Recapitulation of insurance business transacted in the Territory of Hawaii for the year ending December 31, 1941

Types of insurance	Net taxable premiums	Percent to total	Losses paid	Percent to total	Taxes paid	Loss ratio
Life.....	\$5,032,068.67	51.03	\$2,079,289.79	61.24	\$113,221.56	41.32
Ocean marine.....	457,571.02	4.64	144,336.75	4.25	11,439.27	31.54
Fire.....	1,121,013.94	11.37	179,621.78	5.29	28,024.63	16.02
Automobile (fire companies).....	326,627.24	3.31	129,128.95	3.80	8,165.68	39.53
Automobile (miscellaneous companies).....	1,055,637.98	10.70	415,010.13	12.22	-----	39.31
Accident.....	163,671.61	1.66	41,768.96	1.23	-----	25.52
Health.....	40,383.56	.41	15,413.20	.45	-----	38.17
Burglary and theft.....	27,645.87	.28	799.38	.02	-----	2.89
Fidelity.....	113,453.71	1.15	11,854.35	.35	70,033.88	10.45
Surety.....	292,378.26	2.97	9,838.19	.29	-----	3.36
Workmen's compensation.....	936,452.51	9.50	331,793.79	9.77	-----	35.43
Glass.....	12,483.75	.13	2,909.69	.09	-----	23.31
Liability (other than automobile).....	140,660.68	1.43	13,561.29	.40	-----	9.64
Other (miscellaneous).....	18,831.93	.19	3,408.56	.10	-----	18.10
Other (fire).....	102,636.41	1.04	16,914.66	.50	2,539.82	16.48
Surplus lines.....	19,145.61	.19	-----	.50	765.83	00.00
Total 1940.....	9,860,662.75	¹ 100.00	3,395,649.47	¹ 100.00	234,190.67	¹ 34.44
Total 1939.....	9,298,432.33	-----	2,842,373.35	-----	222,576.83	-----
Increase over 1939.....	462,230.42	-----	553,276.12	-----	11,613.84	-----

¹ Percent.

Banks and Trust Companies

Other Fiduciaries and Report of Chief Deputy Bank Examiner

Seven banks, with 30 branches, were in operation in the Territory as at the close of the fiscal year. These 7, with main offices in Honolulu, were Bank of Hawaii, Bishop National Bank of Hawaii, American Security Bank, Liberty Bank, Pacific Bank, Sumitomo Bank and Yokohama Specie Bank, Ltd. Of these principal banks, Bank of Hawaii and Bishop National Bank of Hawaii maintained branches in various parts of the Territory as follows: On the island of Oahu, Bank of Hawaii at Pearl Harbor, Waipahu, Waialua, Waikiki and Kaimuki; Bishop National Bank of Hawaii at Schofield, Wahiawa, Waialua, Kahuku, Hickam Field, Waikiki and Kaimuki. On the island of Maui, Bank of Hawaii at Wailuku, Lahaina and Paia; Bishop National Bank of Hawaii at Kahului, Paia, and Wailuku. On the island of Hawaii, Bank of Hawaii at Hilo, Honokaa, Kohala, Kealahkekua and Pahala; Bishop National Bank of Hawaii at Hilo and Kealahkekua. On the island of Kauai, Bank of Hawaii at Lihue and Kapaa; Bishop National Bank of Hawaii at Waimea and Koloa. On the island of Lanai, Bishop National Bank of Hawaii at Lanai City. All of the principal banks and their branches have both commercial and savings departments.

Statement of bank deposits for the fiscal years ending June 30

Year	Demand deposits	Time deposits	Total
1925.....	\$39,101,344.22	\$21,708,371.75	\$60,809,715.97
1926.....	44,861,828.81	22,989,564.24	67,851,393.05
1927.....	47,922,072.59	27,102,219.88	75,024,292.47
1928.....	48,931,629.35	31,278,434.34	80,210,063.69
1929.....	43,614,424.66	35,424,194.59	79,038,619.25
1930.....	46,232,391.03	33,942,357.47	80,174,748.50
1931.....	42,217,616.83	41,587,979.74	83,805,596.57
1932.....	38,653,331.79	35,030,829.73	73,684,161.52
1933.....	38,303,127.06	36,032,334.45	74,335,461.51
1934.....	40,869,840.08	35,082,104.56	75,951,944.64
1935.....	46,743,557.25	37,159,777.16	83,903,334.41
1936.....	39,920,831.84	54,987,012.48	94,907,844.32
1937.....	44,758,938.65	58,441,637.73	103,200,576.38
1938.....	47,559,205.98	60,891,450.05	108,450,656.03
1939.....	49,190,621.64	62,170,770.68	111,361,392.32
1940.....	55,409,184.94	67,887,082.80	123,296,267.74
1941.....	76,961,343.34	75,800,296.13	152,761,639.47

Office of the Bank Examiner

Comparative consolidated statement of condition of banks and trust companies
operating in the Territory of Hawaii

[As at the close of business June 30, 1941, December 30, 1940, and June 30, 1940]

	7 banks operating 30 branches	5 trust companies	12 banks and trust companies		
	June 30, 1941		June 30, 1941	Dec. 31, 1940	June 30, 1940
ASSETS					
Loans, discounts and advances	\$48,623,828.77	\$6,861,169.40	\$55,484,998.17	\$53,458,168.72	\$53,263,708.84
Overdrafts	365,929.98		365,929.98	50,051.82	27,634.93
United States obligations	48,021,905.76		48,021,905.76	36,031,222.11	36,265,264.58
All other securities	21,257,858.78	1,156,353.59	22,414,212.37	19,238,979.79	17,544,366.97
Premises, furniture and fixtures	2,928,711.12	764,311.71	3,693,022.83	3,564,276.47	3,547,076.52
Other real estate owned	92,714.10	706,859.08	799,573.18	890,353.32	803,092.45
Other assets	794,962.46	181,365.34	976,327.80	2,644,700.97	751,727.85
Cash and due from banks, cash items and clearings	45,697,746.31	3,032,606.50	48,730,352.81	41,641,322.21	37,600,310.79
Total assets	167,783,657.28	12,702,665.62	180,486,322.90	157,519,075.41	149,803,092.93
LIABILITIES AND CAPITAL					
Deposits:					
Demand	50,301,920.69		50,301,920.69	42,777,939.01	35,446,335.93
Time	74,060,938.12		74,060,938.12	67,076,458.68	66,159,187.46
Government	24,501,788.60		24,501,788.60	16,151,532.83	18,198,054.81
All other	3,896,992.06		3,896,992.06	3,548,287.16	3,492,689.54
Total deposits	152,761,639.47		152,761,639.47	129,554,217.68	123,296,267.74
Trust and agency credit balances		4,690,558.51	4,690,558.51	5,568,969.75	4,496,304.58
Bills payable		67,519.42	67,519.42		
Other liabilities	288,692.73	174,997.96	463,690.69	366,252.74	530,846.61
Total liabilities	153,050,332.20	4,933,075.89	157,983,408.09	135,489,440.17	128,323,418.93
Capital:					
Paid in	6,034,675.00	3,369,730.00	9,404,405.00	9,369,730.00	9,289,730.00
Surplus	4,270,000.00	2,530,971.30	6,800,971.30	6,670,600.67	6,590,321.00
Undivided profits	990,581.30	1,004,739.80	1,995,321.10	1,880,158.47	1,686,944.67
Reserves	3,438,068.78	864,148.63	4,302,217.41	4,109,146.10	3,912,678.33
Total capital	14,733,325.08	7,769,589.73	22,502,914.81	22,029,635.24	21,479,674.00
Total liabilities	167,783,657.28	12,702,665.62	180,486,322.90	157,519,075.41	149,803,092.93

Comparative consolidated statement of condition of building and loan associations¹
operating in the Territory of Hawaii

[As at the close of business June 30, 1941, and June 30, 1940]

	ASSETS	
	June 30, 1941	June 30, 1940
Mortgage loans.....	\$7,777,566.10	\$6,582,827.94
Share loans.....	154,363.67	165,508.09
Real estate sold on contract.....	323,800.49	275,598.33
Real estate owned.....	31,101.48	100,093.58
Investments.....	92,875.00	80,975.00
Premises, furniture and fixtures.....	98,127.36	91,349.12
Other assets.....	87,522.52	92,246.31
Cash on hand and in banks.....	300,691.21	274,689.48
Total assets.....	8,866,047.83	7,663,287.85

¹ Includes 1 Federal association.

Comparative consolidated statement of condition of building and loan associations
operating in the Territory of Hawaii—Continued

LIABILITIES

Guaranty stock.....	\$76, 335. 18	\$60, 942. 18
Withdrawable shares.....	7, 380, 081. 74	6, 267, 021. 99
Investment certificates.....	146, 154. 59	184, 546. 48
Bills payable.....	335, 687. 50	350, 766. 61
Loans in process.....	287, 718. 65	260, 699. 03
Other liabilities.....	24, 103. 69	23, 258. 58
Reserves.....	440, 806. 67	371, 198. 78
Surplus and undivided profits.....	175, 159. 81	144, 854. 20
<hr/>		
Total liabilities.....	8, 866, 047. 83	7, 663, 287. 85

Comparative consolidated statement of condition of licensees under the
industrial loan act

[June 30, 1941, and June 30, 1940]

ASSETS

	June 30, 1941	June 30, 1940
Real estate mortgage loans.....	\$248, 523. 28	\$221, 410. 17
Retail installment contracts.....	2, 397, 631. 10	1, 762, 489. 00
Character loans.....	1, 812, 507. 96	1, 868, 812. 88
Collateral loans.....	1, 048, 579. 85	798, 326. 03
Auto and trade financing loans.....	595, 027. 47	818, 221. 70
All other loans.....	86, 043. 73	188, 528. 15
<hr/>		
Total loans.....	6, 188, 313. 39	5, 657, 787. 93
Furniture and fixtures.....	35, 751. 24	40, 553. 02
Cash on hand and in banks.....	454, 011. 35	297, 125. 58
All other assets.....	478, 515. 89	785, 543. 59
<hr/>		
Total assets.....	7, 156, 591. 87	6, 781, 010. 12

LIABILITIES

Bills payable.....	1, 552, 419. 72	1, 403, 055. 39
Unearned discount.....	362, 871. 15	310, 597. 75
Other liabilities.....	394, 525. 53	205, 283. 44
Capital stock paid in.....	4, 333, 011. 09	4, 313, 202. 49
Surplus and undivided profits.....	403, 739. 54	458, 495. 89
Reserves.....	110, 024. 84	90, 375. 16
<hr/>		
Total liabilities.....	7, 156, 591. 87	6, 781, 010. 12

Number of Licensees, 32.

Assessed valuation of real and personal property, year 1941

	Gross valuation real property	Exempt from taxation	50 percent of valuations on appeal	Net valuation real property	Net valuation personal property	1941 total net valuation for taxation purposes	1940 total net valuation for taxation purposes	Percent increase over 1940
First taxation division, city and county of Honolulu.....	\$318, 110, 479	\$188, 863, 571	\$1, 189, 874	\$128, 057, 034	\$53, 194, 187	\$181, 251, 221	\$172, 894, 728	4.833
Second taxation division, county of Maui.....	28, 868, 238	8, 269, 740	1, 567	20, 596, 931	15, 633, 539	36, 230, 470	35, 645, 902	1.640
Third taxation division, county of Hawaii.....	36, 895, 974	12, 321, 948	64, 752	24, 509, 274	14, 556, 700	39, 066, 034	38, 942, 229	318
Fourth taxation division, county of Kauai.....	19, 087, 854	4, 184, 837	10, 614	14, 892, 403	11, 525, 940	26, 418, 343	25, 969, 708	1.728
Grand total.....	402, 962, 545	213, 640, 096	1, 263, 807	188, 055, 642	94, 910, 426	282, 966, 068	273, 452, 567	3.479

Comparative statement of tax rates since 1933

Year	Real property tax rates				Personal property tax rates			
	Honolulu		Kauai		Honolulu		Kauai	
	Honolulu	Maui	Hawaii	Kauai	Honolulu	Maui	Hawaii	Kauai
1933.....	2.887	3.633	4.008	2.487	None	None	None	None
1934.....	3.026	3.933	4.501	2.915	3.315	3.315	3.315	3.315
1935.....	2.994	4.106	4.758	3.602	3.394	3.394	3.394	3.394
1936.....	3.098	3.964	4.924	2.736	2.550	2.550	2.550	2.550
1937.....	3.101	3.843	4.587	3.182	3.233	2.644	3.471	2.907
1938.....	2.924	3.812	4.478	3.637	3.489	3.027	4.132	3.268
1939.....	3.088	3.684	4.421	3.596	3.734	3.028	4.380	3.181
1940.....	3.040	3.728	4.294	3.415	3.879	2.879	4.283	3.091
1941.....	2.910	3.718	4.270	3.636	3.423	2.747	4.168	2.975

The condition of the sinking fund deserves special comment. For years the ever-increasing deficit of this fund has presented a problem. The treasurer has called attention to the main facts that tend to continue the deficit; namely, amortization rate at 4 percent compounded annually set by statute, security investments limited to Government bonds and the low yield on security investments. The rate was enacted at a time when a 4 percent return could be realized from investments, which was not possible during past years due to prevailing market conditions. Security investments are restricted to United States Government, Hawaiian Territorial and Hawaiian County bonds, all of which sell at a premium. The deficit of \$1,060,751.09 on June 30, 1940, was reduced to \$893,483.47 on June 30, 1941, a decrease of 15.77 percent, attributable mainly to the proceeds from the sales of public lands deposited into the sinking fund, which funds were formerly held by the Land Office. This deposit was due to the action taken by the Governor, pursuant to opinion number 1741 of the Attorney General to the effect that all proceeds from the sale of public lands, not otherwise disposed of, must be deposited to the credit of the sinking fund immediately upon the receipt thereof. However, this decrease must not be taken as an indication of the trend in the future. The proceeds from land sales is a variable item that may be an appreciable amount or nominal. The existing deficit was impressively brought to the attention of the legislature during the regular session of 1941 and resulted in the passage of Act 230, Session Laws of Hawaii 1941, wherein provision was made effective January 1, 1943, for additional sinking fund payments to offset any deficit in the sinking fund.

The gross outstanding bonded indebtedness was \$36,539,000 on June 30, 1941, as compared with \$38,288,000 on June 30, 1940, a decrease of \$1,749,000, being the amount of principal of serial bonds matured. The net bonded indebtedness, after the deduction of sinking fund assets of \$11,039,552.18, amounts to \$25,499,447.82, as compared with \$27,334,831.33 on June 30, 1940, a decrease of 6.71 percent. No new bond issues are contemplated at the present time.

The trend of bank clearings has been decidedly upward. Total deposits in the banks at June 30, 1941, of \$152,761,639.47 compared to the total deposits in the banks on June 30, 1940, show a tremendous increase of \$29,465,371.73.

Board of Health

There were no major changes in the administration of the Board of Health during 1941. However, 10 of 12 administrative bills affecting the public-health program were passed by the 1941 legislature. Principal among these were a uniform Pure Food, Drug and Cosmetic Act and creation of a special epidemic control fund.

The influx of thousands of defense workers and families of service personnel added considerably to responsibilities of all bureaus of the Board.

Personnel of the Board on June 30, 1941, numbered 304. The department experienced difficulty in obtaining and retaining qualified personnel.

With Social Security funds, 11 persons received public-health training at mainland universities.

The Board provided domiciliary care for 17 infirm and disabled United States war veterans.

Board expenditures during the first 11 months of the fiscal year 1941 totaled \$596,392.97, of which \$454,145.56 were Territorial and \$142,247.41 Federal funds. Revenues amounted to \$15,930.75.

Provisional vital statistics rates show that 1941 was an outstanding year for public health, with the rates for crude mortality, infant mortality, maternal mortality, and stillbirths being the lowest yet recorded.

Largely because of the defense program, the Bureau of Vital Statistics was deluged with unprecedented demands for service which it was impossible to fulfill within a reasonable length of time with the limited staff of workers.

Estimated population as of June 30, 1941, was 465,339, an increase of 9.4 percent over June 30, 1940.

There were 3,058 deaths, an increase of 33, or 1.1 percent over the previous year. The crude death rate per 1,000 population was 6.8, compared with 7.2 for 1940.

Births numbered 9,580, an increase of 56, or 0.6 percent over 1940. The birth rate per 1,000 population was 21.4, compared with 22.5 for 1940.

There were 410 deaths of children under 1 year of age, an infant mortality rate per 1,000 live births of 42.8, compared with 48.2 for 1940. Deaths from puerperal causes totaled 19, representing a decrease of 10, or 34.5 percent, from 1940. The puerperal death rate per 1,000 births was 1.9, compared with 3.0 for 1940.

The five leading causes of death were: diseases of the heart, 568; cancer and other malignant tumors, 314; violent and accidental external causes (excluding homicides and suicides) 268; nephritis, 264; congenital malformations and diseases of early infancy, 253.

There were 171 stillbirths, a decrease of 45 from 1940. The still-birth rate was 17.5, compared with 22.2 for 1940.

Marriages numbered 5,810, a 37.8 percent increase over the 4,215 in 1940.

The 26,015 cases of communicable diseases reported was the largest number on record. Yet the year's total of deaths from communicable

diseases, numbering 453, was the lowest recorded. There was an epidemic of influenza, with 16,827 cases and 32 deaths reported, and an epidemic of measles, with 3,028 cases and 5 deaths reported.

There were 811 cases of syphilis and 47 deaths, compared with 771 cases and 54 deaths for 1940. There were 1,102 cases of gonorrhea, with no deaths, compared with 771 cases in 1940. Thirteen venereal disease clinics were in operation at the end of the year. In addition, 20 government physicians reported each month on the number of venereal disease treatments given to indigent patients.

Approximately 4,500 blood examinations for syphilis were made for selective service boards. The first 3,000 tests showed positive findings for syphilis of less than 2.5 percent, and only 4 cases of gonorrhea were discovered.

The Board of Health laboratories reported a total of 28,607 tests for syphilis, the largest number for any one year.

There were 33 maternal and 93 child health centers, which held 2,326 sessions. The Bureau of Maternal and Infant Hygiene added a consultant nutritionist to its staff and continued the supervision of maternity hospitals and lying-in homes and of midwives and extended its school health program.

The 1941 legislature provided for the addition of 15 public-health nurses to the Board's staff. There was a considerable increase in nursing home visits under the communicable disease program and in venereal disease services.

The Bureau of Pure Food and Drugs made 24,000 laboratory and field determinations, indicating 1,165 violations. A total of 41,410 cans and 22,936 pounds of bulk food stuff was condemned and destroyed.

The Bureau of Sanitation reported improvement in rural water supplies and in the extension of sewage disposal systems. The program of industrial hygiene was considerably expanded.

There were 1,854 cases registered with the Bureau of Crippled Children. A total of 947 visits was made at 74 clinics and various types of care were given to 234 patients.

The Bureau of Mental Hygiene provided psychiatric service to 1,320 patients. The Bureau clinic carried an average daily case load of 20 to 30 in-patients and 8 to 10 "day in-patients."

The crude tuberculosis mortality rate per 100,000 population decreased from 63 in 1940 to 52.8 in 1941. There were 236 deaths from tuberculosis, the lowest number yet recorded. There was a total of 1,469 active tuberculosis cases throughout the Territory carried on the register on June 30, 1941. All selective service registrants reported for physical examinations were given chest X-rays. A total of 4,685 X-rays were taken, revealing 121 undiagnosed cases of tuberculosis, or 2.6 percent of the group. Over 60 percent of those found

positive were followed up by the end of the fiscal year and appropriate treatment recommended.

Federal Public Health Service

The out-patient and quarantine office is located in the Federal Building, about two blocks from the water front. The medical staff consists of three full-time commissioned officers and a consultant each in surgery, eye, ear, nose and throat, roentgenology, and dental surgery.

As during the previous year, the work of medical relief continued to increase. Comparative figures for the past 3 years are shown in the following table:

Year	Hospital patients	Days in hospital	Out-patients	Out-patient treatments	Physical examinations
1939	193	2,914	1,832	6,055	895
1940	298	4,764	2,495	7,914	1,406
1941	352	5,923	3,393	8,704	1,113

The increase in the number of patients was caused by the greater number of American vessels calling at this port. Many of these vessels are in the Oriental trade carrying tin, rubber, and other products vital for defense, and stop at Honolulu en route to the mainland for a few hours to take on bunkers and food supplies. Also there has been a considerable increase in shipping between Honolulu and the mainland incident to the augmentation of military personnel and the erection of structures which are a part of the defense program.

During the fiscal year, 5 insane patients were referred to State institutions; 5 foreign seamen were given one treatment each; 14 applicants were examined and given first-aid certificates; and 11 ships at sea were furnished medical advice by radio.

At the subport of Hilo, one member of the Coast Guard was given 9 days' hospital treatment by the part-time acting assistant surgeon on duty there.

During the fiscal year ended June 30, 1941, the activities of the personnel of the station have been directed principally against the introduction of plague, cholera, and smallpox into the Hawaiian Islands.

The restrictions against cholera, present in ports of the China coast, and against smallpox, present in Chinese and Japanese ports, have been continued.

No case of quarantinable disease has been encountered, and no vessel was quarantined during the year.

Suspicious illness was encountered in two third-class passengers, elderly Jewish refugees, on the Japanese S. S. *Heiyo Maru*, which arrived here from the Orient October 10, 1940. The wife had died 2 days before arrival, and the husband died on board the vessel while

the body of the wife was being examined at the quarantine station. No evidence of quarantinable disease was found.

The number of American freighters in the Oriental trade, calling at this port, continued to increase. Most of these vessels, en route to the mainland with full cargoes, chiefly tin and rubber, were in port only a few hours to fill their bunkers and to take on provisions. Since the holds were full, inspections for rat infestation were limited to the superstructures. Two hundred and thirty-three inspections were made during the year. Rat signs were few, or absent, except on two vessels. On one of these, a freighter loaded with sugar from the Philippines, the estimate was six rats. When this vessel was fumigated at New York some time later, 10 rats were found. The estimate of the number of rats on the other vessel, a large passenger and freight carrier from the East Indies, was 26. Subsequently, by trapping and fumigation, 22 rats were recovered from this vessel.

All trans-Pacific aircraft are met upon arrival and searched for insects. Aircraft from foreign ports are met and inspected by a medical officer. Immediately before departure, the planes are sprayed with insecticide under the supervision of a medical officer or sanitary inspector. This procedure has been carried out 154 times during the year, an increase of 100 percent during the past 2 years, and is in the same proportion as the increase in shipping and in the number of patients treated at the out-patient office during the same period.

The Territorial Board of Health reported 80 plague-infected rats in the Hamakua District of the island of Hawaii during the year, and two plague-infected rats about 8½ miles from the port of Kahului on the island of Maui.

Board of Hospitals and Settlement

The Board of Hospitals and Settlement reports that the trend of the disease of leprosy in the Territory continues downward, in the total number of active cases, to a new low figure of 419 on June 30, 1941, or, based on the Territorial population, 0.95 per thousand as compared with 623 active cases July 1, 1931, equivalent to 1.66 per thousand—a decrease of over 42 percent in the population ratio for the 10-year period.

The following comparative figures are taken as of June 30, 1931, and 1941:

	1931	1941
Kalaupapa Settlement, active patients.....	457	359
Kalihi Hospital, active patients.....	166	60
Total active patients.....	623	419
Patients on temporary release.....	139	166
Total in segregation and under control.....	762	585

During the year 32 new cases of leprosy were certified. This is in keeping with the steady decrease of new cases over the past year, and particularly in the 10 years' existence of the Board of Hospitals and Settlement. During this period the figures for new cases of leprosy are as follows:

1931-32-----	60	1935-36-----	48	1939-40-----	38
1932-33-----	64	1936-37-----	51	1940-41-----	32
1933-34-----	63	1937-38-----	46		
1934-35-----	48	1938-39-----	36		

Other factors in bringing about a decline of the incidence of leprosy, are improvements throughout the Territory in sanitation and hygiene, better standards of living, and early medical treatment of other ailments. However, records prove definitely that the significant factor in reducing the incidence of leprosy in these islands has been segregation of the infectious, contagious cases

Bacteriological findings.—In a study of the 32 new patients certified, 78 percent showed a positive mycobacteria leprae. This is a fairly close approximation to the average for such a small series of cases. Of the new cases, 62.5 percent gave a positive history of leprosy in the family.

Racial classification of new cases

	Male	Female	Total	Percent
Hawaiian-----	5	2	7	22.0
Asiatic-Hawaiian-----	5	1	6	19.0
Caucasian-Hawaiian-----		3	3	9.5
Filipino-Portuguese-----	1		1	3.0
Filipino-----	6		6	19.0
Japanese-----	4	2	6	19.0
Chinese-----	2		2	6.5
Portuguese-----		1	1	3.0
Total-----	23	9	32	100.0

Statistics show that 50 percent of the 32 new patients were in the age group from 8 to 20 years and 29 percent in the age group 20 to 40 years, or about 80 percent of the new patients showing clinical manifestations of leprosy before the age of 40.

In the past year 16 patients were granted temporary releases from the leprosaria because their disease had become inactive. At the close of the fiscal year there were 166 cases on temporary release. These patients are observed closely at periodic intervals, and should any evidence of reactivity of their disease be noted, they are immediately returned to the leprosaria.

Whenever a case remains under adequate observation and whenever he shows no evidence upon which a diagnosis of leprosy can be made, he is granted a complete discharge from the custody of the Board of Hospitals and Settlement. During the past year 15 patients fulfilled the necessary requirements and were discharged upon recommendation

by a legally constituted Board of Physicians. These patients had been on release and under observation for periods ranging from 7 to 21 years.

During the past year five patients on temporary release had a relapse of their disease. The disease had been quiescent for periods ranging from 1 year and 9 months to 4 years and 7 months. Four patients showed positive bacteriology while one was negative.

Deaths among the patients during the year numbered 36, with the period of commitment in these cases ranging from 1 to 34 years.

Nonleprous children of leprous parents, wards of the Territory under the jurisdiction of the Board during their minority, numbered 147 on July 1, 1940.

During the year five have reached their majority. Within the same period 6 births occurred, leaving 148 children at the end of the year. Following a brief period of hospitalization and observation under the Board's physicians, these babies have been placed in foster homes, 5 with relatives.

During the year 2,104 persons were examined and treated by the Board's physicians. There were 1,916 office visits made and 1,366 treatments administered. In addition to regular medical attendance at the Board's clinic, where new cases are certified and released cases are regularly observed, the Board's physicians functioned as attending dermatologists for several of the local hospitals and Government institutions.

The senior surgeon of the United States Public Health Service, and director of leprosy investigations at Kalihi Hospital, reports as follows:

This year tests were made of the therapeutic effects on rat leprosy of the toxoids of tetanus and diphtheria, and also other substances, all of which failed to show any appreciable results on the course of the rodent disease.

In April, 11 patients with active, bacteriologically positive leprosy began the widely published diphtheria toxoid treatment of leprosy and others have been added from week to week. Most of them have received four to six subcutaneous injections with no apparent effect on the clinical course of the disease. Three patients developed rather severe leprous reactions while under treatment.

From Kalaupapa, the resident physician is also quoted on this subject:

The diphtheria immunization treatment of leprosy was made available to all patients who desired it as soon as an adequate supply of the toxoid was insured. Including recent transfers from Kalihi, a total of 88 patients have received or are receiving this treatment. Some changes have been noted in several of these receiving treatment, but whether these are entirely due to the treatment or whether such changes will prove to be beneficial, remains to be seen.

National defense preparations.—Kalihi Hospital on the island of Oahu, is located in the Kalihi District at the water's edge between Honolulu Harbor and Pearl Harbor. It is within the limits of military

targets and in the shadows of the bomb-release line. Should hostilities ever occur the patients should be evacuated from this hospital.

Kalaupapa Settlement on the island of Molokai, is ideally located and well equipped for the care of persons afflicted with leprosy. The various facilities now established at the settlement can well take care of an added number of patients with but little expansion necessary.

Therefore, it has been the policy of the Board to reduce the number of patients at Kalihi by transfers to Kalaupapa. During the last quarter of the fiscal year, 40 have been so transferred with 60 now remaining at Kalihi Hospital. Another transfer is contemplated in the near future to the end that should it become necessary to evacuate Kalihi Hospital in any given time, it could be accomplished without undue confusion.

At Kalaupapa, in anticipation of contingencies under a national emergency, hospital supplies for a 6 months' period have already been ordered, general supplies and provisions have been ordered in excess of usual current needs, additional warehouse space has been provided, provision made for additions to the fuel oil and gasoline storage facilities. The usual program of repairs will be accelerated and expanded to provide some additional quarters. New areas have been added to the vegetable gardens and increased activity promoted in the local fishing, poultry, hog and cattle raising.

Public Instruction

The most important development in Hawaii's public schools during the past year was the Community Survey of Education. Over 300 men and women, representing a wide range of interests and activities, participated in this study. Some of the most important immediate results of the survey are:

1. A wider community interest in the schools and an understanding of their efficiencies and deficiencies of what they are accomplishing and what they should accomplish.

2. An increased awareness on the part of teachers and principals of existing problems and a realization that the lay public desires to cooperate in improving the schools.

3. An excellent analysis of the problems and needs of the schools. Some of the improvements recommended can be realized only through enlarged appropriations. Until economic conditions make these possible, there is a disposition to find those points at which improvements can be made with appropriations and equipment now available and to work for those improvements.

4. A better basis for evaluating the work of the schools. Judgment must be based on facts, with sympathetic understanding, appreciation and tolerance. The findings of the survey committee are above

hearsay and opinion. They represent constructive criticism and afford a basis for cooperative effort in preserving all that is good in the present program and in bringing about improvements.

Enrollment trends.—For the first time in the history of the public schools the June enrollment shows a decrease over the preceding year. The June 1941, enrollment was 91,121 as compared with 91,821 in June 1940—a decrease of 700. In contrast to this decrease is the record of June 1928, which shows an increase of 4,226 over the preceding year. The enrollment peak has now been passed and further reductions may be expected. The most significant decrease is taking place in Grades 1 to 6. The peak enrollment in these grades was 58,279 in the year 1932–33. In June 1941, the total was 51,739—a decrease during an 8-year period of 6,540. There was a decrease last year of 1,385 in these grades. In contrast to this, the enrollment in Grades 7 to 12 has continued to increase, although at a diminishing rate. This enrollment trend will have a direct bearing on future planning for the schools, particularly in relation to the building of new classrooms and replacements. It will probably affect the size of classes and the total costs of education.

It is significant that all but 470 of the total enrollment are American citizens.

School costs.—Current expenses totaled \$7,199,299.69, an increase of \$202,352 over the preceding year. The average annual cost per pupil increased from \$76.46 to \$79.29, an increase of \$2.83 per pupil.

Much attention has been centered during the past 2 years upon the problems of English and mathematics instruction. The matter of correct English speech has vexed school teachers and administrators in Hawaii for many years. Bilingualism and non-English speaking homes have resulted in two important obstacles:

1. An indifference on the part of pupils toward the improvement of their oral English. This attitude is well illustrated by the difference in ability to write English correctly as contrasted with comparative ability to speak fluently and intelligently.

2. A paucity of English vocabulary. Studies have shown that the failure to acquire English words with varying shades of meaning serves as a hindrance throughout the elementary school years and is most marked in the fifth and sixth years. The situation arises from the non-English home environment. The child whose home language is English moves forward rapidly in the acquisition of new words. The bilingual child who hears no English at home may make good advances under the direction of his teacher, but he progressively falls behind his fellow student who hears English both at home and at school.

Many teachers have taken courses in specialized speech work offered during the past 3 years at the University of Hawaii. This

work helps to solve certain parts of the English speech problem, which, in the past, have been most baffling. Many schools are now providing special speech courses as part of the regular English program. Definite progress in relation to the two obstacles outlined above has been made. As rapidly as qualified teachers can be made available, this type of work will be extended to other schools.

Division of Health Education and work with handicapped children.—The work of the Division of Health Education has progressed satisfactorily during the school year 1940-41. The following statements cover the major health activities carried on during the past year:

A. Health Education Features:

1. During the summer of 1940, a class in first aid was organized by the division and the Hawaii chapter, American Red Cross, for teachers from the outside islands. The maximum number of teacher-students desired by the instructor attended.

2. During the year, a beginning was made to inform the schools of community, social and health agencies and their various functions. Interested teachers and public health nurses have organized study groups to insure the widest possible use of the facilities of each agency in the effort to improve physical and mental health of children.

3. General interest during the major portion of the past school year has been centered about the work of the various committees in drawing up a general school health policy. This work is in the final state of preparation and will be printed for distribution early in the coming school year.

4. Assistance was given to the consultant nutritionist of the Board of Health in preparing the booklet entitled, "Three Meals a Day in Hawaii," a food manual for the use of nurses, teachers and parents. This booklet was published in June and will be distributed to the schools in the fall. This project was jointly financed by the Division of Health Education and the Board of Health.

5. During the past year, there has been developed in Honolulu the Health Education Council, of which the division is a member. The purpose of this council is to make available to the public, by means of radio, visual education, lectures and newspaper articles, matters pertaining to personal and community health. It sponsored several lectures by eminent visiting physicians. This division distributed a large number of tickets to the school personnel for these lectures.

6. A survey of school health education requested by the Director of the Community Survey of Education was prepared by this division for incorporation in the report of the director to the Holdover Committee on Education.

7. The special health program, under the medical supervision of the Bureau of Maternal and Child Hygiene, was extended during the past

year to all elementary schools in Honolulu. On the island of Hawaii, this program was initiated in many of the elementary schools, with the help and assistance of the Tuberculosis Society of Hawaii.

8. With an additional audiometrist, hearing surveys have been completed for the school districts of Honolulu, Kauai and Rural Oahu. At this rate of progress, it may be possible to make a complete survey of the Territory once every 3 years.

9. Continued cooperation was given to the American Red Cross, the Tuberculosis Association of Hawaii and the Traffic Safety Commission in the distribution of health education materials in the fields of first aid and home safety, tuberculosis and traffic safety respectively.

In addition to the above features for the school year 1940-41, those phases of the school health program that have become a part of the general school program were continued and in some cases extended. These include the tuberculin testing, the weighing and measuring, the vision testing and other programs.

B. Work with handicapped children.—The work with handicapped children continued on an extended basis, with 13 crippled children enrolled, 32 receiving home instruction and 16 receiving transportation to and from school.

There were 7 sight-saving classes in the Territory with an approximate enrollment of 100. In the corrective speech classes, 702 pupils in 14 schools were tested, showing 366 children in speech correction classes.

Number of schools, teachers, and pupils in the Territory of Hawaii, as of June 30, 1941

Schools	Number	Teachers			Pupils		
		Male	Female	Total	Male	Female	Total
Public.....	188	711	2,680	1 3,391	46,355	44,766	2 91,121
Private ³	127	183	650	833	9,954	9,882	19,836
Total.....	315	894	3,330	4,224	56,309	54,648	110,957

¹ In addition to the 3,331 teachers who are paid from the teachers' salaries fund this figure includes 60 employees paid from other sources; Rehabilitation (2), Dental Division (27), Health Division (2), Territorial School for Deaf and Blind (22), Teachers' College Training School (7).

² This includes 105 children enrolled at the Territorial School for Deaf and Blind and 216 at Teachers' College Training School.

³ From report of December 1940.

School costs for fiscal year ended June 30, 1941

Items	Elementary	Intermediate	High School	Total
General administration (general fund).....	\$97,613.93	\$29,024.08	\$26,361.88	\$152,999.89
Teachers' salaries (general fund).....	3,569,885.75	1,096,835.40	1,402,841.58	6,069,562.73
Classroom supplies (general fund).....	46,448.00	41,000.29	26,614.07	114,062.36
Maintenance, repairs, and equipment (special school fund).....	550,386.47	163,649.39	148,638.85	862,674.71
Total current expenses.....	4,264,334.15	1,330,509.16	1,604,456.38	7,199,299.69
Capital outlay				
New buildings, land and land improvements (special school fund).....	267,785.37	79,622.07	72,318.84	419,726.28
Total.....	4,532,119.52	1,410,131.23	1,676,775.22	7,619,025.97

School costs for fiscal year ended June 30, 1941—Continued

AVERAGE PER CAPITA COSTS PER YEAR (EXCLUDING CAPITAL OUTLAY)

Items	Elementary	Intermediate	High School	Total
Number of teachers.....	2, 101	622	608	3, 331
Number of pupils.....	57, 932	17, 222	15, 646	90, 800
General administration.....	\$1. 68	\$1. 68	\$1. 68	\$1. 68
Teachers' salaries.....	61. 62	63. 69	89. 66	66. 85
Classroom supplies.....	. 80	2. 38	1. 70	1. 26
Maintenance, repairs, and equipment.....	9. 50	9. 50	9. 50	9. 50
Total.....	73. 60	77. 25	102. 54	79. 29

University of Hawaii

The disturbed world situation and the campaign of national preparation for war have affected the program of the university, requiring more attention to war matters and defense problems than would otherwise be the case. A number of faculty and staff members, nine in all, have left during the year to go into service with the armed forces of the nation, and it is expected that several more will be called soon. Even more serious has been the large number of employees who have been drawn away by the lure of higher compensation rates offered in defense projects. Some 75 employees have left during the year, presumably for this reason, making the rate of turnover very high.

The war has affected student enrollment, somewhat. The selective draft has taken some seniors and juniors, while some others who were in the National Guard or in the Reserve Corps have been called into service. Some, too, have been drawn into employment in defense projects, the net effect of all this having been to reduce relatively the number of men students. This trend will probably become more marked next year. It will be noted from the figures below that the enrollment of graduate and special students has diminished a little, which is not surprising in view of the fact that these individuals are in the age group that is most affected by the call into service and by the lure into highly paid defense jobs.

Undergraduate students increased in numbers a little, about 4 percent, as compared with the preceding year, but not as much as probably would have been the case in normal times.

Student enrollments during the year were as follows:

	1939-40	1940-41
Undergraduates.....	1, 947	2, 030
Graduate students.....	478	466
Unclassified students.....	278	269
Non credit students.....	180	178
Summer session students.....	1, 265	1, 488

The summer session figures are for 1939 and 1940, respectively. The 1941 figures are somewhat lower than last year, probably because of the factors touched upon above, and perhaps, also, because current uncertainties in ocean travel discouraged some mainlanders from coming this summer. The 1940 enrollment figure represents the total of the regular session and a short post-session. This year the latter is not being held.

Graduates from the university were as follows:

	1939-40	1940-41
Bachelor of arts.....	138	144
Bachelor of science.....	92	64
Bachelor of education.....	128	134
Master of arts.....	8	7
Master of science.....	9	9
Master of education.....	16	11
Fifth year certificate in education.....	74	66
Public health nursing diploma.....	8	8

Concerning the figures above it should be said that the number receiving the bachelor of science degree in 1939-40 was abnormally large. In the preceding year the corresponding number was 62.

The adult education program included the following features: 38 credit and noncredit courses, with enrollment of 601. A group of elementary study courses designed for Filipinos at various plantation centers, with 734 participating. A "school" for aviation cadets (general courses) at Wheeler Field, with 108 enrolled. Twenty-nine public lecture and motion-picture programs at the university; 7 others at the Aquarium, and many more at various points in the Territory; 1,197 reels of silent films and 167 reels of sound films (educational) rented to 36 schools.

The university library increased its book collections by about 9,000 over last year, to a total of 139,908, and its unbound units by about 6,000, to a total of 342,489.

The service of the psychological clinic increased last year over that of the preceding year, as indicated in the following tabulation of cases referred to it by various agencies:

	1939-40	1940-41
Courts and correctional institutions.....	569	578
Educational institutions.....	453	555
Social welfare agencies.....	275	276
Private referrals.....	134	111
Health organizations.....	80	118
Miscellaneous.....	57	50
	1, 568	1, 688

A text book entitled "The Practice of Clinical Psychology," prepared by the Director and published a few months ago, is being adopted for use by a number of mainland universities.

This clinical service costs about \$24,000 per year and undoubtedly the results are worth much more than that figure.

The Hawaii Experiment Station has continued to push forward with its wide program of research on many problems of importance to Hawaiian agriculture.

Much is being done to build up Hawaii's livestock industries: improvement of pastures, development of disease-resistant fodder plants, trials of new feeds of local origin with a view to finding the best and most economical combinations; also, studies of livestock and poultry diseases and pests are always in progress.

The production locally of more of the food crops required by our human population is receiving a great deal of attention now, because of the war emergency which is threatening our normal economy here.

Biological tests prove that Hawaiian grown vegetables are as rich in vitamins A and B₁ as the mainland product, while papayas have been shown to have even more vitamin C value than market oranges.

A study of the diets of about 150 families in Hawaii shows the following: (a) The most common dietary deficiencies are low calcium and low vitamin B₁; (b) there is a close positive correlation between the amount of money spent for food and the degree of inadequacy of the diet; (c) however, an ample food budget does not always guarantee an adequate diet—some families spending large amounts for food had diets which were low in minerals and vitamins. The most nourishing and important foods for the family diet need not be expensive. Nutrition education is needed in the proper purchasing of foods.

Physical and dental examinations of over 500 children in these families show that the most serious physical defect is dental caries. The percentage of children with dental caries and the average number of defective teeth per child at various age levels were found to be greater than in comparable children in several localities recently studied on the mainland. The seriously low calcium and slightly low vitamin A of the family diets may be responsible in part for this. Another factor may be the low fluorine in the drinking water. Twelve out of sixteen samples of water analyzed had less than three-tenths part per million of fluorine.

There have been studies, also, of potato production problems, onion growing, beans, tomatoes, sweetpotatoes, sweetcorn, and other food crops.

Problems of soil management, too, have received attention, as have various other fundamental aspects of Hawaiian agriculture.

The total cost of this research program was about \$175,000, an amount which is being returned many times over to the people of the Territory in better incomes and better living.

The Agricultural Extension Service is conducted on a cooperative basis by the United States Department of Agriculture and the University of Hawaii, with the purpose of rendering service to rural people, and by means of practical demonstrations to obtain the adoption of improved farm and home practices which lead to greater satisfactions in rural living.

The total cost of carrying on this work in the Territory for the year ended June 30, 1941, was approximately \$165,000. Nearly 80 percent was from Federal sources and the balance from Territorial appropriations.

The basis of Agricultural Extension Service work is demonstration by doing rather than teaching by theory. This is an especially effective means in Hawaii where so many of the older rural people speak English with difficulty.

One of the most effective means of carrying on Agricultural Extension work is through club organizations because so many more individuals can be reached in this manner than by personal visits. There are over 300 such clubs in all the islands, reaching something like 2,500 boys and girls.

In addition to this, the Service has made a special effort this year to induce as many families as possible to produce their own vegetables and fruits for home use, as a part of the war defense movement toward making these islands more nearly self-sufficient in time of emergency.

Another contribution to national defense is the work done by the Extension Service staff in giving rural folk a better understanding of the principles and objectives of American democracy. While this is not agricultural service, nevertheless it is deemed to be of such importance by the national leaders that Hawaii and most of the states have added this feature to the usual program, very willingly.

The total income of the university in 1940-41 was about \$1,091,000, exclusive of that derived from auxiliary enterprises which are self-supporting. Total expenditures have amounted to something less than the available income, leaving a modest balance.

Hawaii National Guard

The past year of the Hawaii National Guard has been one of the most active and important in the history of its existence. This has been caused by unsettled international conditions and by the call of the guard into Federal service for the duration of 12 months or more of active duty with the United States Army.

The strength of Hawaii National Guard as of July 1, 1940, was 108 officers, 1,725 enlisted personnel, or a total of 1,833. Strength as of June 30, 1941: 127 officers, 1 warrant officer, 2,532 enlisted men. Of the latter number, 1,464 are Hawaii National Guardsmen, the remainder, 1,068, selectees.

The Territorial Staff and Detachment consisting of the Adjutant General, 6 officers, and 18 enlisted men held the 21 days of field training July 7 to 27, inclusive, at the Honolulu Armory, the entire period being devoted to definite selective service plans for mobilization of Hawaii's manpower. This training was of the greatest importance, and both officers and men achieved splendid results during this period, which laid the foundation for the smooth-running Territorial selective service machine which on Tuesday, November 12, 1940, went into action.

The 299th Infantry held its annual field training at Paukukalo camp site, Paukukalo, on the island of Maui for a 21-day period September 7 to 27, inclusive. A splendid camp was recorded with both officers and men showing remarkable interest and aptitude in their work.

During the early part of August, it was rumored that all National Guard units would be ordered into Federal service for a 12 months' period of active duty. By the first of September specific instructions covering this subject, were received by The Adjutant General of Hawaii. Those officers below the rank of captain and enlisted personnel with dependents were permitted to resign or be discharged from the service. Rules for rigid physical examinations were issued by the National Guard Bureau and detailed instructions were received for induction into Federal service.

Public Resolution No. 96 was approved by the President of the United States, and in compliance with Executive Order No. 8551, dated September 25, 1940, the 298th and 299th Regiments were ordered into Federal service for a period of 12 months, the effective date being October 15, 1940.

The original plan of The Adjutant General of Hawaii was that both the 298th and 299th Regiments were to remain at Schofield Barracks for their initial training, but at the expiration of 3 months' intensive training the 299th was to be divided and each battalion return to its home island; i. e., 1st Battalion to Maui; 2nd Battalion to Hawaii; 3rd Battalion to Kauai, with the Regimental Headquarters being established on Maui.

The authorized strength of the Hawaii National Guard at induction date, October 15, 1940, was 122 officers, 2 warrant officers, and 1,929 enlisted men; the actual strength at induction date was 126 officers, 1 warrant officer, and 1,616 enlisted men.

On the morning of October 15, 1940, all units assembled at their respective armories prepared to take to the field for their year of Federal service; the entire 298th Infantry (Honolulu Armory), and the 299th Infantry (Iolani Barracks), comprising the Regimental Headquarters, Headquarters Company, Service Company, and Medical Detachment, Band, left their armories at 9 a. m. by truck convoy

to Schofield Barracks, Oahu. Upon arrival at Schofield the 298th and 299th were billeted under tentage in the National Guard area. Those remaining units of the 299th Infantry, on the outside islands, assembled at their respective armories and were mustered into Federal service. All the outside island units of the 299th Infantry were held in their armories with the exception of the 1st Battalion, which was entrained at the Hawaii National Guard Camp at Paukukalo, Maui. By October 22 the entire 299th Infantry had embarked from their home station and had arrived at Schofield Barracks where they, with those units of the 299th which had arrived earlier, were billeted under tentage in the Rifle Range Area, Upper Post.

Rigid physical examinations were conducted by medical boards consisting of both Regular Army and National Guard members, and the final results of these examinations are as follows:

Losses: Officers, 27; enlisted men, 272.

Losses by specific causes: Physical, officers and enlisted men, 258; resignation, officers, 16; defense projects, enlisted men, 3; dependents, enlisted men, 22.

The majority of the officers resigning were those of the medical units.

Col. P. M. Smoot, The Adjutant General of Hawaii was ordered into Federal service on March 24, 1941, and was assigned to duty as director of the selective system in Hawaii and also to continue in his duties as The Adjutant General of Hawaii.

Construction work on new barracks for the 299th Infantry on the outside islands was rushed, the funds being supplied from Federal sources and on April 22, Company I, 299th Infantry, left Schofield for Barking Sands, Kauai to assist the WPA and a small corps of engineers in the construction work. Company E, 299th Infantry left April 29 for Hilo to assist in construction of new barracks near the Hilo Airport, and on April 30, Company K, 299th Infantry left for Homestead Field, Molokai, to erect new quarters. Funds for this building program were furnished from Federal sources. However, the Territory of Hawaii recognizing the importance of constructing new barracks on the outside islands, came to the aid of the military department, and an emergency appropriation of \$27,000 was authorized which was to be used in enlarging the National Guard Camp at Paukukalo, Maui, where the 1st Battalion was encamped, and at the present time this work comprising 24 new barracks, a new water supply system, a modern sewerage system, new truck storage, warehouses and recreation center, is being rushed to completion.

Hawaiian Homes Commission

Amendments to the Hawaiian Homes Commission Act sponsored by the Commission and favorably acted upon by the 1941 legislature

of Hawaii, provided the means for the reestablishment of the revolving fund and limited same for loan purposes only, building up of an improvement fund for the development of new and old subdivisions, turning over to the Commission for operating expenses, all of the rentals from its lands which heretofore have been paid into the general fund of the Territory through the office of the Commissioner of Public Lands, adjusting land boundaries, clarified the law of succession to leaseholds.

The Molokai irrigation project was formally approved by the 1941 legislature of Hawaii when it provided funds and guaranteed the operation of the project for the first 10 years after its completion. The sum of \$1,500,000 was set up for this purpose. The importance of this irrigation project to the whole Territory is well known to Territorial and Federal Government circles and to civic organizations in the islands.

On the island of Molokai, 1,337 acres of pineapples were under cultivation at the close of the fiscal year. Over 1,000 acres of diversified crops were planted, and excepting for very limited profits to 13 homesteaders, losses were suffered by all homesteaders because of the extreme drought. Losses in livestock were also suffered. With an irrigation system as the one proposed and heretofore mentioned, these losses could easily have been averted.

New subdivisions opened during the year were the Kewalo (March 1941) and Waimanalo (September 1940) residence lots on Oahu and the Kamiloloa (May 1941) residence lots on Molokai; 103 lots were made available for leasing.

Roads, sewers, water-pipe lines, and moving of houses in the Papakolea and Kewalo areas on Oahu were completed in October 1940, and the cost of same was shared by the following agencies:

Hawaiian Homes Commission.....	\$33, 192. 25
Territory of Hawaii.....	33, 192. 26
Board of Water Supply.....	10, 301. 91
City and County of Honolulu.....	38, 560. 03
Total.....	115, 246. 45

Four hundred and forty-two loans totaling \$284,345 were granted during the fiscal year. Outstanding loans on June 30, 1941, totaled \$549,496.37, of which sum the amount of \$43,376.16 or 7.89 percent was due and collectible.

Cash collections for the year totaled \$225,475.75. Of this sum the amount of \$160,300 or 71.09 percent was from bond investments sold by the Commission in order to augment its diminishing revolving fund and provides money for loan purposes.

Income for the year totaled \$55,471.29; expenses totaled \$86,093.15, so that the Commission ended the year with a deficit of \$30,621.86.

The revolving fund cash balance as of June 30, 1941, was \$77,392.39.

Funds totaling \$150,046 were provided by the 1941 legislature for the operation of the Commission for the biennium July 1, 1941 to June 30, 1943.

Transactions involving leases on Hawaiian home lands totaled as follows:

Awards.....	182
Transfers.....	51
Cancellations.....	44
Total.....	277

As of the last census taken on December 31, 1940, there were 3,549 persons living on 10 Hawaiian home subdivisions on the islands of Molokai, Hawaii, and Oahu.

As its contribution toward national defense, the Hawaiian Homes Commission has turned over to the military and naval departments of the United States Government for the duration of this emergency 5,646 acres of Hawaiian home lands on the islands of Hawaii, Molokai, and Oahu for rights-of-way for roads and water-pipe lines, extension of runways, safety zones, and expansion of airports, bomb practice grounds, gun emplacements, troop concentration, and campgrounds.

Public Lands

Collections by the Commissioner of Public Lands from all sources in the fiscal year amounted to \$821,322.74, a decrease of \$227.34 from the collections of \$821,550.08 for the previous year. These were segregated by sources as follows: \$543,275.87, land rentals; \$101,200.30, water and land licenses; \$129,617.06, sales of public lands; \$15,747.60, interest on sales of public lands; \$7,442.15, fees; \$750.94, commutation; \$175, improvements on lands; and \$23,113.82, temporary deposits.

One hundred and thirty-one land patent grants were issued conveying a total area of 1,325.464 acres, valued at \$145,856.30.

Twenty-four auction sales were advertised, resulting in the sale of 73 general leases, 54 special sale agreements, 8 cash purchases and 5 licenses, covering a total area of 28,019.392 acres, offered for sale at a total upset price of \$113,653.30 and sold for \$130,081.80, an increase of \$16,428.50 over the upset price.

Seventy-eight deeds to and from the Territory were executed during the year, whereby 123.297 acres were conveyed, valued at \$1,858.33, and 83.950 acres were acquired, valued at \$10,737.07, required for various public purposes, with the difference of \$8,878.74 being paid by the Territory.

There were seventy certified and uncertified copies of public documents prepared, yielding \$133.95 to the Territory, pertaining to land matters.

Twelve homestead agreements were issued, covering a total area of 66.18 acres, valued at \$1,469.

Seventy-one special sale and special homestead agreements, covering a total area of 393.707 acres, valued at \$61,158.30, and 26 general leases, covering a total area of 1,020.952 acres, carrying an annual rental of \$2,947, were transferred.

Eight homestead agreements, covering a total area of 37.294 acres, valued at \$987, and 3 general leases, covering 42.922 acres, carrying an annual rental of \$130, were canceled.

One hundred and thirty-six various land documents, requiring validating consents were approved, covering a total area of 4,379.980 acres, carrying a value of \$275,006.30.

Sixty-one Executive orders were prepared: 29, containing 395.940 acres were for public purposes; 9, containing 1,553.647 acres for use of the United States Army and Navy; 14, containing 200.160 acres, were withdrawn from previous Executive orders for other public purposes, and 9, containing 1,080.755 acres, were withdrawn and canceled as no longer required for public purposes.

The Board of Public Lands held 4 meetings, whereby 93 various matters were considered.

Forty land court applications were received, checked and reported upon to the Attorney General.

Survey department.—Classification surveys were made of the ranch lands of Kapapala, Hawaii, and the pastoral lands of Mana, Kauai, taken over respectively for national park and military uses for the purpose of determining rental reductions. A complete feature survey was made of the lands fronting Kahului harbor, Maui. Other field work comprised the surveying of 182 parcels of land for business and residence purposes, beach lots and Government remnants; 20 residence lots on Molokai were staked out for the Hawaiian Homes Commission. Office work comprised the checking of 42 originals and 290 subdivisions of land court applications, 10 file plans, 350 surveys for public purposes and 61 studies for title and boundary reports.

Taxation Maps Bureau.—Sixty-three new tax maps have been compiled, there being now 3,118 tax maps covering the entire Territory, and 10,643 print copies were run off for public and private uses. Data assembled to bring tax maps up-to-date required digests of 10,008 documents involving land transactions and studies of 3,468 maps and other records.

Division of Hydrography.—In the surface water investigations there were maintained 32 stream gaging stations on Kauai, 21 on Oahu, 51 on Maui, 10 on Molokai and 15 on Hawaii, a total of 129. A total of

2,217 station visits, 722 discharge measurements at regular stations and 27 miscellaneous discharge measurements were made, 389 requests for data were received, and 18 rainfall stations were maintained mostly at remote locations in the mountains. Owing to the continuing drought there has been a great demand for ground-water investigations.

Area of Public Lands

The following tabulations give the area in acres of public lands of the Territory, disclosing their distribution throughout the various islands, and designating the departments, bureaus and political subdivisions of the Federal and Territorial Governments that control and manage these areas, as of June 1, 1941.

The final tabulation is a summary of the four preceding ones and further shows the relative percentages of public lands to the total area of each island, which percentages are computed only on general leases and unencumbered public lands, excluding unallotted house lots and homesteads, which are available for entry, and a summary of Hawaiian home lands. In the first line regarding the Hawaiian home lands is the notation "General Leases." These refer to Hawaiian home lands now covered by general leases which are administered by the Commissioner of Public Lands.

As stated in the titles these figures have been assembled from the Taxation Maps Bureau records, which consist of 3,097 maps, designating the area and ownership of approximately 75,000 separate parcels of land, being a segregation of the 4,118,400 acres, making up the total area of the eight inhabited islands of the Territory of Hawaii.

This is the first accurate tabulation of the area of public lands ever compiled since the inauguration of the Territorial Government, former published compilations on this subject being only rough approximations, making no claim of accuracy.

Federal lands owned and held under Governor's executive orders by departments of the Federal Government

[As shown on Tax Office and Taxation Maps Bureau records as of June 1, 1941]

	Oahu	Maui	Molokai	Lanai	Kaho- lawe	Molokini	Hawaii	Kauai	Lehua and Kaula	Total
	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>
U. S. Army	24,182.86	4.75	12.62				4,751.10	2,077.56		31,028.89
U. S. Navy	16,388.68	4.80	435.11				9.17	6.74		16,844.50
Department of Commerce, U. S. Lighthouse Service	54.89	30.73	76.88	11.35	23.30	18.50	117.34	74.55	385.00	792.54
Department of Interior, U. S. National Park Service		17,270.00					141,205.90			158,475.90
Department of the Treasury, U. S. Customs Service	81.30						1.22			82.52
Department of Agriculture	82.46									82.46
U. S. Postoffice	2.60	.50					1.48	0.57		5.15
All others	6.93						1.60	1.65		10.18
Total	40,799.72	17,310.78	524.61	11.35	23.30	18.50	146,087.81	2,161.07	385.00	207,322.14

1 See Act No. 159, 76th Cong.

Territorial lands under the control and management of the Commissioner of Public Lands

[From Taxation Maps Bureau records as of June 1, 1941]

	Oahu	Maui	Molokai	Lanai	Kaho- lawe	Hawaii	Kauai	Niihau	Total
	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>
Agreements and leases:									
Revenue permits and licenses	12.16	8.82				20.21	4.08		45.87
C. (certificate of occupation)	22.92	96.14	5.08			24.34	11.89		100.37
H. L. (leased lease)	103.37	180.07	11.55			96.83	30.20		422.62
R. P. L. (right of purchase lease)		617.63				968.72	27.62		1,613.97
S. H. A. (special homestead agreement)						2,077.35	211.00		2,288.35
S. S. A. (special homestead agreement)	54.80	25.06				284.61	30.22		664.69
G. L. (general lease)	8,511.76	41,225.37	1,331.34		28,800.00	325,230.07	27,395.17		432,403.61
Government reserves: Beaches, R/Ws, streams, etc.	167.66	318.09	1.53			288.84	140.39		946.81
Unnumbered land:									
Homesteads (unallotted)	55.83	27.99				403.05	128.62		615.49
Homesteads (unallotted)	38.5	1,752.06	104.89			6,594.11	444.52		8,964.73
All other	81.02	4,387.95	389.67			198,751.57	2,357.30		206,497.41
Offshore islands: Not covered by Executive orders	12.50		1.25		2.70	8.16			57.32
Farm Loan Board	81.62	90.45				155.67	213.41		541.15
Total	9,871.69	48,022.81	1,845.65	2.70	28,800.00	534,903.53	31,295.02		655,312.39

Territorial lands under the control and management of other Territorial departments

[From Taxation Maps Bureau records as of June 1, 1941]

	Oahu	Maui	Molokai	Lanai	Kahooolawe	Hawaii	Kauai	Niihau	Total
	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>
Department of Public Works	914.04	317.68	198.86	—	—	372.31	189.10	—	1,991.99
Board of Harbor Commissioners	48.22	25.87	1.09	—	—	22.97	27.11	—	1,125.26
Department of Public Instruction	320.91	336.54	38.65	10.50	—	381.67	154.80	—	1,243.07
Regents of the University of Hawaii	351.67	42.50	—	—	—	12.44	—	—	406.61
Board of Health	2.04	—	—	—	—	3.88	18	—	6.10
Department of Institutions	1,862.01	9.83	—	—	—	—	—	—	1,871.84
Hawaii National Guard	240.95	167.98	5.50	—	—	1,074.28	2.69	—	1,491.40
Trustees of Public Libraries	2.63	—	—	—	—	1.80	—	—	4.43
Board of Agriculture and Forestry:									
Executive orders	480.71	1.70	20.84	—	—	155.59	37.06	—	695.90
Forest reserves	32,054.32	103,851.11	14,187.23	—	—	450,291.38	78,807.21	—	679,221.45
Kokee licenses	—	—	—	—	—	—	70.03	—	70.03
All other	158.01	—	8,248.00	—	—	—	—	—	8,406.01
Total	36,435.71	104,753.21	22,700.17	10.50	—	452,286.32	79,348.18	—	695,534.09

Territorial lands under the control and management of the city and county and counties

[From Taxation Maps Bureau records as of June 1, 1941]

	Oahu	Maui	Molokai	Lanai	Kahooolawe	Hawaii	Kauai	Niihau	Total
	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>
Parks:									
Parks Board	552.89	—	—	—	—	—	—	—	552.89
Board of Supervisors	—	182.62	48.32	—	—	376.03	373.05	—	979.92
Puuikapele reserve	—	—	—	—	—	—	1,080.70	—	1,080.70
Puuikapele lots	—	—	—	—	—	—	50.07	—	50.07
Waterworks:									
Board of Water Supply	84.44	—	—	—	—	—	—	—	84.44
Board of Supervisors	—	138.90	1.08	—	—	14.75	55.96	—	210.69
Public works: Board of Supervisors	8.70	12.19	1.00	—	—	29.04	36.66	—	87.59
County buildings: Board of Supervisors	5.15	3.22	—	—	—	36.51	35.57	—	80.45
Cemeteries: Board of Supervisors	22.95	13.68	4.63	—	—	45.66	33.55	—	120.47
Hospitals: Board of Supervisors	—	369.84	—	—	—	77.31	158.02	—	605.17
All others: Board of Supervisors	—	.99	1.23	—	—	.21	.20	—	2.63
Total	674.13	721.34	56.26	—	—	579.51	1,823.78	—	3,855.02

SUMMARIES

	Oahu	Maul	Molokai	Lanai	Kaho- lawe	Molokini	Hawaii	Kauai	Lehua and Kaula	Total
	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>
Federal agencies	40,766.72	17,910.78	594.61	11.35	23.30	18.50	146,167.81	2,161.07	383.00	207,322.14
Commissioner of Public Lands	9,871.69	48,823.81	1,845.64	2.70	28,800.00	---	534,963.53	31,263.02	---	658,322.37
Other territorial departments	36,435.71	104,753.21	22,700.17	16.50	---	---	432,288.32	79,348.18	---	693,334.09
City and county and counties	674.13	721.34	56.26	---	---	---	579.51	1,823.78	---	3,555.02

RELATIVE PERCENTAGES

	Oahu	Molokai	Lanai	Kaho- lawe	Hawaii	Kauai	Niihau
Total area of each island (in acres)	386,560	166,400	90,240	28,823.30	2,579,200	355,200	46,080
General leases (percent)	2.20	.80	---	99.92	12.61	7.71	---
Unencumbered territorial lands, not including unallotted houselots and home- steads. (Percent)	.21	.23	---	---	7.71	.66	---

HAWAIIAN HOME LANDS

	Oahu	Maul	Molokai	Lanai	Kaho- lawe	Hawaii	Lehua and Kaula	Total
General leases	330.50	18,575.50	---	---	89,452.02	27,948.00	---	136,306.02
Houselots and homesteads	251.36	---	9,104.25	---	573.65	---	---	9,929.26
All others	4,220.75	1,900.00	16,878.00	---	3,630.39	30.54	---	26,359.08
Total	4,802.61	20,175.50	25,982.25	---	93,656.06	27,978.54	---	172,394.96

Agriculture and Forestry

Division of Forestry

Nursery production.—To supply trees for Government reserve planting and to meet the requirements of private owners interested in establishing tree cover on suitable areas, the Territorial nurseries on the five main islands produced and distributed a total of 1,434,775 trees and shrubs, and in addition produced 25,948 grafts and layers of good fruit tree stock for homesteaders and other small home owners.

In the production of trees for planting on forest reserve lands the CCC assisted with labor at the Hilo Nursery and operated four camp nurseries to care for trees ready for planting and assisted in transplanting seedlings at the Territorial nurseries.

Tree planting.—A total of 863,135 trees were planted on 1,518 acres of forest reserves and 950 acres of young plantations were cleaned of brush and weeds choking out the young trees. Of the young trees planted on reserve areas, 9,032 were fruit and nut trees set out for trial and for benefit of the public.

Forest protection.—For the protection of Forest Reserve Areas from grazing animals a total of 8.66 miles of new and rebuilt fences were constructed; 7.36 miles of fencing was repaired and 1.67 miles brushed out for the protection of the wire. A total of 4,005 wild destructive animals injurious to the forest cover were killed or removed from forest reserves during the year.

Trails.—To gain access to planting areas a total of 3.9 miles of truck trails and 4.65 miles of horse and foot trails were constructed during the year and maintenance work done on 72.41 miles of truck trail and 8 miles of foot trails.

Erosion control.—For control of erosion scars on Kauai and Oahu reserve areas 558 check dams were constructed and 3,968 square yards of scar area planted to protective grasses.

CCC assistance.—Labor demands of defense work together with the draft for Army training has produced a severe reduction in CCC enrollment and the amount of field work they have been able to perform, but enrollment was opened to younger boys who were out of school but not yet eligible for Army training or employment on defense projects and the work has been pushed along in a creditable manner under the handicaps.

Division of Fish and Game

Collections made during the fiscal year from all sources were \$23,896.05, compared to \$27,447.97 for 1940.

Mokapu Game Farm.—The Mokapu Game Farm and Experimental Station during the fiscal year liberated 15,133 pheasants and

6,018 jungle fowl. Birds on hand at the game farm are as follows: Pheasants, 71,396; jungle fowl, 3,969; partridges, 206; doves, 420.

Fish culture.—During the fiscal year there were received from the Fish and Wildlife Service 50,394 rainbow trout eggs from which were liberated 48,252 fish in streams on Kauai.

All oyster and clam beds on all islands were surveyed periodically and were found to be in good condition excepting the beds of Pacific oysters in Kaneohe Bay which it is believed have died out owing to the dredging activities of the Navy in this area.

Warden Service.—The wardens during the fiscal year made 204 arrests out of which 153 persons were convicted and fined a total of \$1,097, bails forfeited amounted to \$565, making a total of \$1,662 accruing to the various counties in which the arrests were made.

Division of Animal Industry

Tuberculosis control.—The results of the tuberculosis control project for the fiscal year ending June 30, 1941, are as follows: Herds tested, 341; herds reacting, 11; cattle tested, 15; lesions found, 10; no lesions found, 5; percent of cattle reacting, .098.

Brucellosis control.—The following is the number of herds and the number of cattle from which blood was drawn for laboratory tests for carriers of Bangs disease: Herds tested, 297; herds infected, 46; cattle tested, 12,305; cattle infested, 215.

Livestock importations.—A total of 415 vessels were inspected for livestock and of these 251 carried livestock for Honolulu and other ports in the Territory. Livestock inspected during the year was as follows: Horses, 22; cattle, 928; goats, 25; swine, 2,677; cats, 38; dogs, 1,908 and various, 40.

Division of Entomology

Pest eradication and control.—This branch of the Division of Entomology during the past fiscal year has been principally engaged in seven major projects, namely:

Eradication of giant African snail.

Eradication of the Argentine ant (*Iridomyrmex humilis*).

Control of the black widow spider (*Lactrodectus mactans*)

Control of the Harlequin cabbage bug (*Murgantia histrionica*.)

Control of the corn leafhopper (*Peregrinus maidis*).

Control of the water lily leafhopper (*Megamelus davisii*)

Introduction of fireflies for the control of the liverfluke snail (*Colophotia praeusta*.)

In addition to the above projects they continued working on the termite control, propagation and distribution of beneficial insects,

and as in the past have given advice to the public on the control of household, garden and agricultural pests.

Plant inspection and quarantine.—The work of the plant inspection branch of the Division of Entomology during the past year has been similar to that done in previous years. The prolonged stay of the United States fleet in Hawaiian waters, with frequent visits to mainland and other ports, has meant continued additional work for this office. The rapid influx of skilled defense workers and Army and Navy personnel has caused an increase in the importations of horticultural produce subject to inspection. The number of interceptions of important agricultural and horticultural pests has been maintained at the same high level as previously.

A statistical summary of the work follows:

Inspections:	
Number vessels and planes inspected.....	1, 916
Number passengers disembarked.....	78, 490
Number baggage parcels landed.....	242, 441
Horticultural material dealt with:	
Number lots passed as free from pests.....	4, 384, 399
Number lots fumigated or otherwise treated.....	37, 342
Number lots prohibited material destroyed.....	234
Number lots refused entry.....	205
Interisland traffic:	
Number lots passed as complying with regulations.....	17, 666
Number lots passed after treatment.....	1, 777

Home Owners' Loan Corporation

At the close of lending operations on June 13, 1936, the original investment stood at 481 mortgage loans totaling \$1,292,704. Since that date 92 mortgage loans amounting to \$243,492 have been fully repaid while the remaining active borrowers have repaid \$400,687 against their principal indebtedness. This total of \$644,180 which has been wiped off the Corporation's books is the equivalent of 49 percent of the original investment and leaves \$650,523 or 51 percent yet to be repaid on a monthly payment basis.

Due largely to this repayment record on the part of borrowers no foreclosures have been necessary in Hawaii. Predicated on the present circumstances it appears that there will be none necessary in the future.

Confining the statistical picture to 1941 alone, active accounts have been almost entirely current in monthly payments since June 30, 1940. Since June 30, 1940, the corporation has received the payment in full of 40 mortgage loans originally granted for \$106,901. Average monthly payments due on active accounts approximate \$8,878 monthly against which the Corporation has succeeded in collecting an average of \$9,722 an excess of \$844 per month to apply against the curtailment of unmatured principal indebtedness.

Civil Service Commission

During the fiscal year the Commission held 30 open-competitive and 17 intra-departmental examinations, establishing open-competitive and promotional eligible lists from which appointments have been made:

During this period there was a total of 2,616 employees under the jurisdiction of this Commission. However, the turn-over has been so great that this figure has become quite variable. This unhealthy condition has been caused mainly by the numerous highly lucrative positions offered on the rapidly expanding national defense projects. Male applicants for such positions as prison guard, hospital attendant, junior supervisor of domestic activity, engineering draftsman, engineering aide, cadastral engineer, carpenter, painter and laborer, are practically nil. In several interviews with Government employees leaving the service, it was learned that the wage scale in effect for Territorial employees, in comparison with the scale existing on national defense projects, is too low to meet local existing conditions and therefore they are seeking positions on the various defense projects, notwithstanding the greater assurance of permanent employment in the Territorial service.

The selective service training program has also taken its quota of manpower, creating vacancies which cannot be satisfactorily filled, as the substitute employee is employed on a temporary 1-year basis, pending return of the selectee to his former position. It has been the experience of the Commission that such substitutes are somewhat reluctant to accept such temporary employment and the department heads find difficulty in preparing these substitutes as they usually are not of the highest caliber. Those individuals on military leave have been placed on the reemployment list and are assured of their jobs upon their return from military service. The fact that these vacancies offer only temporary employment for 1 year is also a deterring factor making for negative results.

Civilian Conservation Corps

National defense activity has had a profound effect on the CCC during the past fiscal year. The following figures will show the result of enrollment of opportunities for work provided by the defense program.

On July 1, 1940, there were 65 civilian employees employed in the supervision and administration of the CCC in the Territory. On June 30, 1941, there were 49.

From the main camps listed on the following page, there were seven side camps in operation.

Camp	Authorized strength	Enrollment on June 30, 1941	Funds expended
TH-1 Wahiawa, Oahu.....	221	81	\$119,098.39
TH-3 Keanae, Maui.....	154	137	118,884.61
TH-7 Waimea, Hawaii ¹	170	-----	-----
TH-8 Kokee, Kauai.....	90	61	64,247.38
TH-9 Molokai.....	40	36	23,579.50
TH-10 Panaewa, Hawaii ¹	-----	36	60,545.01
Total.....	675	351	386,354.89
TH-CCC headquarters—Operation costs.....	-----	-----	19,856.53
Total.....	-----	-----	406,211.47

¹ Camp TH-7 Waimea was abandoned on Nov. 22, 1940, and the men transferred to TH-10 Panaewa and HNP-1 Hawaii National Park.

TH-1 WAHIAWA, OAHU: (1) Experimental bird and game farm, Mokapu.

TH-3 KEANAE, MAUI: (2) Kula side camp; (3) Haiku side camp.¹

TH-7 WAIMEA, HAWAII:² (4) Panaewa side camp; (5) Pohakuloa Side camp; (6) Keanakolu side camp; and (7) Hualalai side camp.

The work program of all TH-CCC camps was sponsored by the Board of Commissioners of Agriculture and Forestry. Work was done as follows:

Job name	New construction			Maintenance
	Unit	Number of units	Man-days	Man-days
Tree planting.....	Acre.....	1,827.1	30,142	13,432
Tree nursery work.....	Man-day.....	5,917.0	5,917	-----
Truck trail.....	-----	3.0	399	3,118
Fences.....	-----	1,165.1	1,624	166
Tree seed collection.....	-----	485.0	308	-----
Foot trail.....	-----	1.0	169	264
Horse trail.....	-----	4.0	840	110
Erosion control.....	-----	562.0	810	-----
Shelter house and other buildings.....	-----	7.0	2,110	-----
Experimental bird and game farm operation.....	-----	4,410.0	4,410	-----
Elimination of undesirable animals.....	-----	184.0	14	-----
Foot bridges.....	-----	-----	-----	-----
Pipe lines and conduits.....	-----	1682.0	204	-----
Eradication of giant African snails.....	-----	6,434	6,434	-----
Telephone lines.....	-----	-----	-----	2
Fire breaks.....	-----	-----	-----	134
Fighting forest fires.....	-----	250	250	-----

Arrangements were made during June for transfer of the selection of CCC enrollees from the Board of Agriculture and Forestry to the Territory of Hawaii Employment Service effective July 1.

Formal training for national defense began on February 1, in cooperation with the Department of Public Instruction and the following classes are operating:

Camp	Name of class	Number enrolled	Date started
TH-3 Keanae ¹	Carpentry.....	10	Apr. 21
TH-8 Kokee.....	-----	12	Feb. 1
TH-9 Molokai.....	-----	15	Apr. 1
TH-10 Panaewa ¹	Mechanic.....	10	Apr. 17

¹ These classes are conducted at Maui and Hilo High Schools respectively. Other classes are carried on in the camps.

² The Haiku Side Camp is employed principally in eradication of the Giant African Snail.

³ Side camps from TH-7 were operated only intermittently as needed. Other side camps were in continuous operation.

Training valuable to national defense was carried on as a normal part of camp operations as follows:

Red Cross first-aid certificates issued.....	82
Truck drivers trained.....	47
Cooks trained.....	10

Camp TH-7 Waimea was occupied by Company F, 299th Infantry on June 1. Making this camp available to the Army saved at least \$35,000 in construction costs. The time that would have been spent in camp construction was released for other defense activity.

National Park Service

Park employees, as well as residents of the area, have been active in national defense matters. An emergency police guard squad, made up of men in this general vicinity, was organized in November, and has been engaged in target practice since that time.

At the CCC camp, under an appropriation from the Territorial Department of Public Instruction, national defense vocational training classes have been organized in welding, carpentry, and auto mechanics, with a total of 45 enrollees enrolled.

The park's appropriation for the fiscal year was \$62,000 which was the same as for the preceding year. The total CCC appropriation for 1941 was \$185,512 and for 1940, \$199,180. These appropriations include the enrollees' accounts, and in 1940 there were more boys than in 1941.

The eruption in the summit crater of Mauna Loa, which commenced the early part of April 1940, ended the first part of August 1940.

A new operating contract extending the operations of the Volcano House for another 20 years, commencing July 1, 1941, was signed. This contract supplants the old one, which would have expired in 1946.

Plans prepared by the architect in 1940 were approved by the Director in January 1941, and construction started on the new Volcano House in February. At the end of the fiscal year the building was approximately 50 percent completed. This new building is located on the site of the old Volcano Observatory overlooking Kilauea crater.

The new volcano observatory and naturalist building, being constructed by the CCC, was started in July 1940, and at the end of the fiscal year was 45 percent completed. This is located on the site of the old Volcano House garage, across the road from the park administration building.

An allotment of \$5,500 was received from the Park Roads and Trails fund in January for the construction of minor roads and parking areas at the new Volcano House and the Observatory and Naturalist Building.

Three thousand fifty-two acres of land in the Hilina Pali area were withdrawn from the park and turned over to the Army for their use as an airplane bombing target range. The Haleakala CCC subcamp was abandoned in May and the area leased to the Army for the duration of the present emergency.

On May 17, the joint resolution adopted by the Territorial legislature to acquire the land of Kealakomo in the Kalapana addition for addition to the national park was approved. This acquisition constitutes 4,289.4 acres.

Travel to the Kilauea section during the year amounted to 284,782 visitors and to the Haleakala section 23,170. This represents an increase of 38,144 at Kilauea and 1,925 at Haleakala.

Public Works Department

The architectural division prepared and supervised 15 projects for the various Territorial institutions, with a total expenditure of \$302,386.62.

Improvements at Waimano Home included construction of a chain link fence around the girls' section of the institution at a cost of \$4,209.20; construction of two new 25,000-gallon redwood tanks, \$3,400; construction of a water supply system for Waimano Home for \$51,300; construction of a new auditorium at the boys' section at Waimano Home for \$25,200.

At the Territorial hospital, additions and alterations to the kitchen building cost \$54,151.50 and refrigeration equipment was supplied for the sum of \$10,002.49.

For the Board of Agriculture and Forestry, a new plant inspection and office building at the animal quarantine yard was constructed at a cost of \$14,835.

The Judiciary Building Annex contract was awarded February 24, 1941, for \$116,809. The building is to be one story high with a basement, but it is designed to hold an additional story if necessary. This project has been under construction since February and is expected to be completed in September 1941.

Division of Highways.—All activities of the Territorial Highway Department are in connection with Territorial highways which are built entirely or partly with Federal aid funds.

The following Federal funds were available to the Territory for construction purposes during the past fiscal year:

Post roads.....	\$531, 495
Secondary roads.....	94, 850
Grade crossings.....	151, 320
Section 4, Federal Highway Act of 1940.....	446, 000
Total.....	1, 223, 665

Due to the lack of Territorial appropriations to match Federal aid funds, only \$7,312 of the Post road funds were expended or obligated prior to June 30, 1941. These funds were used for the highway planning survey throughout the Territory.

Similarly only \$1,096 of secondary road funds were expended or obligated prior to June 30, 1941, and these funds were also used for the highway planning survey.

All of the grade crossing funds, with the exception of some \$780, were expended or obligated prior to the close of the fiscal year. This was made possible by the contribution of county funds and the expenditure of highway bond issues made available by the 1937 legislature.

Out of the money lapsed on June 30, 1940, the Territory has been surveying and preparing plans and specifications for a number of highway projects desirable from the standpoint of national defense. Construction of the Schofield-Wahiawa cut-off and the Waianae-Kolekole Pass Road should commence in the very near future.

As a result of the failure of the 1941 session of the Territorial legislature to provide funds for a continuing highway program a total of approximately \$618,700 of Federal aid funds lapsed on June 30, 1941. However, this money is still available to the Territory under the same provisions affecting the funds lapsed on June 30, 1940. It is hoped that the newly lapsed funds can be used on a new Pearl Harbor-Honolulu road to relieve the congestion on the existing road and to open up the Iwilei District to better traffic facilities.

A total of 18,303 miles of new highways were completed and accepted by the Public Roads Administration and the Territory during the year for a total cost of \$847,944.02. Of these, 16,571 miles costing \$734,045.53 were started prior to the fiscal year, and 1,732 miles costing \$113,898.49 were started and completed during the fiscal year.

Construction work on projects amounting to 8.396 miles of new highways at a total contract cost of \$452,302.50 was started during the fiscal year but was still incomplete on June 30, 1941.

During the year the Highway Department lost approximately 25 percent of its personnel who resigned to take positions elsewhere at salaries in excess of their former compensation.

As the 1941 session of the legislature provided no funds for matching Federal aid highway funds for the fiscal year ending June 30, 1942, it is likely that all of the following Federal funds now available will lapse:

Post roads.....	\$560, 625
Secondary roads.....	73, 125
Grade crossings.....	146, 250
Total.....	<hr/> 780, 000

The county governments are required by law to appropriate estimated requirements for the maintenance of the Territorial highway system.

During the past year \$213,179.18 was expended on maintenance in the Territory, covering 298 miles of highway.

Division of Surveys and Rights-of-way.—This division is chiefly responsible for cadastral engineering, the negotiations for permission from owners, lessees and occupants to enter their land and construct new projects, and the acquisition of such lands as needed for Federal aid projects, and projects under the control of the Territorial Highway Department, Department of Public Works, the Board of Harbor Commissioners and the Federal Bureau of Roads at Honolulu.

During the past year, this division surveyed and mapped five highway projects totaling about 18 miles which required about 175 acres of land for the new rights-of-way on the various islands and 3,935 acres of land and sea fishery in Moanalua, Kaliawa, and Mokauea necessary for the Keehi Lagoon Airport project. Twenty-seven land court subdivision maps and petitions involving 4,577 acres were completed. Two condemnation suits were tried in court, and the decision rendered being in favor of the Territory, no payments were awarded to the property owners due to benefits exceeding the damages of \$6,857.32. Settlement on four condemnation suits on highway projects aggregated \$51,549.06. This division also searched and copied 2,840 instruments of land titles, drew up various deeds for acquisition of land valued at \$9,406.06, and drew releases for damage claims valued at \$22,996.55. Collection of liens totaled \$433.75 for which releases were also drawn.

Division of Airports.—Considerable activity has taken place on Territorial airports during the past year largely due to the cooperation of the Work Projects Administration and the Civil Aeronautics Administration.

During the year the Work Projects Administration expended \$352,000 for labor and materials on outside island ports. In December 1940, an allocation of \$1,800,000 was made for Hilo, Upolu, Maui, Molokai, and John Rodgers airports; this amount was later cut to \$1,234,000, and the supervision of the work was transferred to the United States district engineer. Detailed plans and specifications have been prepared and a contract let for the above-mentioned ports and work will be started in July 1941.

Final approval of the Keehi Lagoon seaplane basin was given by the Chief of Engineers, United States Army, and a contract for the dredging in the amount of \$3,300,000 was awarded. At this time a change in one of the runways is being considered, which will probably increase the cost \$500,000. Actual construction should start in August 1941.

A vast amount of work by the Survey Division of the Territorial Highway Department was necessary on this project as the rights-of-way involved 1,621 different ownerships.

In this connection, the Department of Public Works has applied to the Civil Aeronautics Administration for funds to initiate a survey to determine the feasibility of building land runways at the same time the seaplane runways are being dredged as well as developing a final plan for a complete airport at this site. The Hawaiian Department, United States Engineers, and the local Civil Aeronautics Administration office have approved this request. Immediately on completion of the survey, the Territory will apply to the Civil Aeronautics Administration for the necessary funds to construct the airport.

During the year, the Territory collected \$18,076.08 in aviation gasoline taxes, which amount was expended in the maintenance and operation of airports.

To date, approximately \$48,500 in gasoline tax has been collected from the Pan-American Airways. However, this amount was paid under protest and has been in litigation. During the year a decision in favor of the Territory was handed down, but the Pan-American Airways immediately appealed the case to the Supreme Court. A final decision is expected in October 1941.

On July 1, 1940, there were 28 private planes registered in the Territory. On July 1, 1941, there were 43 private planes registered. These planes are all operated commercially either by the established operators or are owned by flying clubs. Three such clubs have been organized within the past year.

Attorney General's Department

During the past year the following number of cases were disposed of in the following courts and commissions: Supreme court of Hawaii, 9; circuit courts, 74; land court, 35; Territorial district courts, 13; tax appeal court, 10; United States District Court, 7; Public Utilities Commission, 4; total, 152.

The cases pending on June 30, 1941, were as follows: Supreme court of Hawaii, 10; circuit courts, 77; land court, 27; Territorial district courts, 12; tax appeal court, 9; United States District Court, 7; Public Utilities Commission, 2; total, 144.

Prior to the annexation of Hawaii private rights of fishery existed in certain of the sea waters of the Territory. The laws of the predecessor governments recognized such rights. The Hawaiian Organic Act, when enacted, repealed such laws and provided in section 95 that all fisheries in the sea waters of the Territory should be free to

all citizens of the United States, subject, however, to vested rights, but that no such vested rights should be valid after 3 years from the enactment of the Organic Act unless established by the persons claiming the same. Section 96 provided that persons claiming such rights should, within 2 years after the enactment of the act, file their petitions in a circuit court of the Territory setting forth their claims and that, if such fishing rights were established in such proceedings, the Attorney General might proceed to condemn the same to the use of the citizens of the United States.

Although claimants to certain such fisheries failed to comply with the Organic Act, nevertheless they have contended that they continued to own the fisheries. In general they based their claims upon the contention that sections 95 and 96 of the Organic Act were unconstitutional in that they deprived them of their property without due process of law and constituted a taking of private property for public use without just compensation.

During the past year the Attorney General conducted to a successful conclusion the important case of *Bishop v. Mahiko*, 35 Haw. 608. In that case the contentions of the Attorney General were sustained by the supreme court of Hawaii which decided that the above-mentioned provisions of the Organic Act were constitutional. The decision sets at rest a controversy of many years standing; opens fisheries to the citizens of the United States; and places the Government in a position to condemn such fisheries as were properly established.

Suits in respect to charitable trusts have so increased over the past 2 years that they are now a major source of litigation, consuming a great deal of the time of the legal staff of the department. Twenty-seven such matters were before the Attorney General during the past year and 19 are still pending. Four cases were appealed or are now in the process of appeal to the supreme court of Hawaii.

In the matter of the estate of Bernice Pauahi Bishop, deceased, involving the fifty-third, fifty-fourth, and supplemental accounts of the trustees, the trial of the issues before a circuit judge alone occupied 2 months of the time of the Attorney General and the Assistant Attorney General. The case is now being taken by appeal, at the instance of the Attorney General, to the supreme court of Hawaii.

In a case involving the construction of the will of Queen Emma, deceased, another appeal has been perfected by the Attorney General, as well as by other parties, to the supreme court of Hawaii.

In a case involving Lucy K. Henriques, an appeal was perfected to the supreme court of Hawaii. The briefs in this case have been filed.

The Attorney General was also cited to appear in respect to the Charles R. Bishop Trust, the Bishop Museum Trust, the William C. Lunalilo Trust, the Liliuokalani Trust, the Hilo Shippers Wharf Trust Fund, and in a number of separate suits filed by the trustees of the estate of Bernice Pauahi Bishop, deceased.

A number of important eminent-domain cases were successfully concluded over the past year. In the case of *Territory of Hawaii v. Hawaiian Dredging Co., Ltd., et al.*, the trial of which occupied a period of over 5 weeks, the Territory advanced the so-called "benefit theory" of appraisement. The circuit judge sustained the Territory's contention and offset the damages to the land owners, arising out of the taking of their land, by the benefits accruing to the remainder of the land not taken.

Eleven other condemnation cases were satisfactorily concluded.

Another important condemnation suit which was commenced was the suit for the acquisition of property for the Keehi Lagoon Airport project. The Congress of the United States appropriated \$3,300,000 for the development of a trans-Pacific seaplane harbor at Keehi Lagoon, Oahu, providing the Territory acquired the necessary property. The legislature appropriated \$100,000 for the acquisition of property. This matter involves a number of complex questions and the suit is now in the course of preparation.

Two extensive and involved condemnation cases were filed on behalf of the Hawaii Housing Authority. These cases involve a large area of land, covered with tenements, at Liliha and King Streets in Honolulu. When completed the suits will make possible a slum clearance and low cost housing project.

The Territory was cited as a defendant in the number of eminent-domain cases instituted by the United States Government.

The Attorney General was uniformly successful in all litigation involving public revenues.

The supreme court of Hawaii sustained the contentions of the Government in all cases submitted to it for decision. These cases included: In the matter of the tax appeal of the von Hamm Young Co., Ltd.; *Hawaiian Hotels, Ltd. v. Borthwick*; and in the matter of the tax appeal of Leo L. Yerian.

Similar results were obtained in cases submitted to the circuit courts. An outstanding case in the circuit court was that of *Pan-American Airways v. McGonagle*.

In practically all cases heard by the tax-appeal court, the Territory was successful.

The twenty-first regular session of the legislature, which convened on February 19 and adjourned on April 30, 1941, occupied most of the time of the Department from January to June 1941. This work showed a heavy increase over prior sessions, despite the employment

of attorneys by both houses. The work consisted in drafting legislation, both for the administration and for members of the legislature, rendering opinions to the legislature or members thereof, appearing before legislative committees and rendering legal advice to such committees, conducting investigations on behalf of legislative committees or pursuant to resolutions of the legislature, and, at the request of the Governor, reporting to him upon each measure passed by the legislature.

Whereas during the 1939 session of the legislature the staff of the Department drafted 76 bills and resolutions (which was typical of the number drafted during the two prior sessions), during the 1941 session, 235 bills and resolutions were prepared. Of this number 47 were drafted at the request of members of the legislature and 188 at the request of either the Governor or the heads of the several Territorial departments. Many of these bills were of an involved nature and a number had to be redrafted several times, during their passage through the legislature, in order to meet the views of members of the legislature.

A task of major importance was involved in the drafting of the emergency bill (Senate bill No. 498, House bill No. 490), designed to care for present and prospective emergency conditions in the Territory. It vested in the Governor broad powers in advance of the declaration of an emergency by him, and extraordinary powers upon and after the declaration of such an emergency.

Other bills of importance which were drafted included bills revising the liquid-fuel tax act, imposing a tax upon the transportation of passengers by airplanes, governing labor disputes between public utility companies and their employees, making criminal certain acts of sabotage, providing bond revenues for harbor improvements, placing Waimano Home in the Department of Institutions, requiring Territorial and county officers and employees to take an oath of loyalty, governing the acquisition of property for a civic center in Honolulu, governing the vacations of public employees, providing a classification system for the Territory, concerning the Hawaiian Homes Commission, reorganizing the department of social security, concerning the storage and use of explosives, revising the Hawaii unemployment relief and welfare tax act, providing a new liquor tax act, revising the law concerning notaries public, revising the law governing building and loan associations, concerning the wages and hours of employees throughout the Territory, revising the unemployment compensation law, etc.

At the request of the Governor reports were rendered to him upon all bills and resolutions passed by the legislature and presented to him for approval. Four hundred and fifty-eight such reports were prepared and transmitted to the Governor.

Court Statistics

Supreme Court

The supreme court of Hawaii had before it during the calendar year 1940, 73,700 cases consisting of 60,778 criminal cases and 12,922 civil cases. Defendants in criminal cases numbered 66,068, of which 16,051, or 24.29 percent were convicted. In addition 200 insanity cases were disposed of and 1,290 other cases were handled by the court, making a grand total of 75,190.

By courts, the cases were classified as follows: Supreme court, 41; circuit courts, 5,956; district courts, 69,193.

Federal Court

In the United States District Court for the Territory of Hawaii during the fiscal year ended June 30, 1941, there were 924 cases filed, and 770 cases were concluded, as compared to 645 and 480, respectively, during the previous year. As in 1940, the greatest number of cases were naturalization cases.

Criminal cases numbered 127 filed and 129 concluded. Of the defendants in criminal cases, 181 were convicted; 2 were acquitted, and 44 cases resulted in nolle prosequi and dismissals. At the end of the year there were 95 criminal cases pending.

Aggregate amount of judgments obtained during the year against the United States was \$51,506; fines, forfeitures, and penalties imposed during the year, \$7,808.62, of which \$7,716.77 was realized.

Land Court

At the beginning of the fiscal year, there were 70 applications pending, involving an acreage of 16,847.27 and assessed valuation of \$1,217,579.09. During the year 36 applications were filed involving 4,837.54 acres valued at \$1,230,693.80. Forty decrees were issued covering 5,436.27 acres valued at \$706,570. At the end of the year 66 applications were pending involving 16,248.54 acres valued at \$1,741,702.89.

Division of Domestic Relations

In the 1,187 cases heard and disposed of by this Division, divorces were granted in 931 cases, 12 were denied, 115 were discontinued, and 129 were dismissed. Principal grounds in the cases granted were cruel treatment of husband, 329; cruel treatment of wife, 142; failure to provide, 197; desertion of wife, 97; desertion of husband, 96.

Thirteen cases of separation resulted in 4 being granted, 4 discontinued, and 5 dismissed. Annulments were granted to 23 applicants, 2 cases were denied, 2 were discontinued, and 10 were dismissed.

In the juvenile court, 506 boys and 227 girls were declared delinquent, immorality among the girls and traffic violations, burglary, and larceny among the boys being the principal offenses. Of 125 boys and girls declared dependents 3 were placed on probation, 30 were placed in care and custody of probation officer, 20 were placed in care and custody of private family, 46 to charitable institutions, and 26 to feeble-minded home.

Probate matters in this court totaled 726 granted, 1 denied, and 1 discontinued. Of those granted 207 were petitions for adoption; 219, appointment of guardianships; 70, discharge of guardianships; 70, interim accounts; 69 final accounts; 91 miscellaneous.

In bastardy matters 44 arrests were made, 29 convictions were secured, 3 cases were dismissed, and 1 was discharged.

Department of Institutions

The Department of Institutions, now only 2 years old, has continued to show increased efficiency. This department operates under the Director of Institutions, directly responsible to the Governor. There is also an Advisory Board of five members.

The Director is in charge of the operation of the Territorial Hospital for the mentally ill, the Waimano Home for the feeble-minded and epileptic patients, Kawailoa Training School for Girls, Waialeale Training School for Boys, Parole Division—Training Schools and Waimano Home, the Oahu Prison, and the Bureau of Crime Statistics and Identification. The Board of Pardons and Paroles, also a part of the department, is appointed directly by the Governor.

Much constructive legislation relating to this department and the several institutions was passed by the 1941 session of the legislature.

The cost of general administration for the year ended June 30, 1941, was \$16,890.47.

Territorial Hospital.—The population of the Territorial Hospital on June 30, 1941, was 965. There were 297 first admissions and 57 readmissions. Forty-two patients were returned because of cancellation of parole for various reasons. One hundred eighty-seven patients were discharged, 109 were paroled, and there were 50 deaths. Thirty-four patients were removed voluntarily or deported to their native countries in the Orient.

The general health of patients and hospital personnel has been normal during the year.

Improvements included completion of a modern laundry and complete renovation of the kitchen and dining halls. Approximately \$20,000 of these improvements was made possible by savings in the current appropriations for the institution.

Plans are going forward for the construction of a modern care and treatment unit. This construction is considered in the category of defense activity for, in spite of the fact that the institution is overcrowded, it is planned that in the event of emergency this unit be put to use to care for civilian casualties.

The entire cost of operating the institution for the year ended June 30, 1941, was \$428,078.

In December 1940, the Department of Institutions entered into a contract with the United States Navy for the treatment and care of serious mental illnesses developing among the Navy personnel in and about the Territory. The hospital also cares for veterans for the Veterans Bureau.

Waimano Home.—On the recommendation of the Governor, the 1941 legislature placed the Waimano Home, an institution for feeble-minded and epileptic, under the Department of Institutions.

Population June 30, 1941, was 379. In addition thereto, there were 41 patients on parole.

This institution is far under the capacity generally recognized as needed. There are 77 commitments awaiting reception and many more would be committed if there were room for them.

The law requires that this institution be operated on the "Farm Colony" basis. Plans are now being laid for development along this line. For this purpose and for the purpose of supplying the needs of buildings and grounds, a large new water system has been installed.

Total cost of the institution for the year ended June 30, 1941, including some improvements, was \$153,699.26.

Kawailoa Training School for Girls.—The Kawailoa Training School for Girls is maintained for the purpose of training girls who are committed for the duration of their minority. These girls are trained in home economics, gardening, farming, care of animals and poultry, recreational and religious activities, hygiene and personal cleanliness and academic studies.

Girls are eligible for home parole or for work parole after sufficient training has been given and who have acquired the right attitude.

In line with administration policy, academic studies are conducted by teachers assigned by the Territorial Department of Public Instruction.

The institution's land area is 363 acres. Of this about 60 acres is suitable for truck gardening, papayas and bananas. About 60 acres have been cleared and planted for pasture. About 30 acres constitute the building area and about 213 acres are mountainous and suitable only for rough pasturage. Agricultural, horticultural, and animal industry are being materially extended. This increased activity is not only a need of the institution but is also in line with the policy urged by high army officials that all foodstuff possible be raised.

There are four large buildings with others for staff residences and other major appurtenances. In the interest of defense, it is contemplated that in an extreme emergency tuberculosis patients of Leahi Home, now located adjacent to Fort Ruger, may be moved to this institution.

At the end of the fiscal year, June 30, 1941, there were 158 girls in the institution and 158 on parole. Psychological tests show that the intelligence quotient of the girls in the institution averages 78.5.

Plans have been consummated for the establishment of training classes for nurses' aid for the preparedness committee of the Honolulu County Medical Society. It is believed that a substantial percentage of the girls will be available with adequate training for service in case of emergency.

The cost of running the institution, including extensive repairs and alterations and renovation to the buildings, for the year ended June 30, 1941, was \$74,991.28.

Waialeale Training School for Boys.—The Waialeale Training School for Boys closed the year ended June 30, 1941, with 153 wards in school and 157 on parole. There were 78 commitments during the year. Causes for commitment were: Burglary, 27; larceny, 24; all others, 27. The average intelligence quotient is 83.

The practice of placing wards under 16, who have made good adjustment in the institution and who are not too much retarded in their academic classes, in paid private homes under supervision to attend public school has shown gratifying results. To be able to work for parole to their homes or to work is a great incentive to the boys.

The academic department, under the Department of Public Instruction, has been improved and plans laid for further improvement. Vocational classes have made splendid progress. Agricultural and animal industry activities have been materially increased and a large area is being put into taro and approximately 540 acres for pasturage. This increased activity is in line with the policy to make the Territory more self-contained as to food supply. With the increased production of foodstuffs, the management will be in a better position to meet the needs of the institution in case of national emergency.

New dormitory facilities are planned, but the old dormitory will not be immediately destroyed since it has been requested that it be kept in condition for use as emergency hospital for civilian casualties in the event of extreme emergency.

Total operating costs of the institution from general appropriations for the year were \$107,221.67.

Division of Parole and Home Placement—Training Schools.—This Division continues to show increased efficiency in operation. After July 1, this Division will also take charge of parole of patients at the Waimano Home for feeble-minded.

The average monthly case load under parole supervision for the year beginning July 1, 1940, and ended June 30, 1941, was 330.

Twenty-eight boys and eleven girls were given foster home care for varying periods of time under the home-placement program. Forty-four boys were employed on defense projects on June 30, 1941. There were 12 paroled boys called into service with the National Guard and 16 enlisted in the Regular Army.

Forty-one boys were returned to Waialeale Training School for Boys and 43 girls were returned to the Girls school with revocation of parole for major violations.

Twenty-one boys and two girls were returned to their respective schools for minor violations with suspension of parole from 1 to 3 months. Thirty-four boys and twenty-six girls, having attained majority, were discharged. Four boys and twenty-one girls received consent for marriage while on parole.

The sum of \$17,391.36 was on deposit as of June 30, 1941, in 278 savings accounts. These savings represent one-half of the net cash earnings of wards in employment and \$3,031.18 was paid out to 30 wards who attained majority.

Oahu Prison.—The Oahu Prison population as of June 30, 1941, was 602, an increase of 25 over the previous year. The June 30, 1940, prison population consisted of 540 Territorial and 37 Federal prisoners, while the 1941 division was 558 Territorial and 44 Federal prisoners. There were 238 Territorial prisoners admitted during the year and 46 Federal.

In addition to continuing the maintenance of the grounds of the Capitol, Washington Place, Judiciary Building, Territorial Office Building, University of Hawaii Campus, and other public grounds, the institution operates a farm, piggery, and carries on vocational work. The prisoners have, to a far greater extent than ever before, been engaged in renovation work and extending the grounds of the several institutions coming under the Department. They have also renovated buildings and grounds of the School for the Deaf and Blind, the Susannah Wesley Orphans Home, and have done much to place the prison itself in better condition. This trade pursuit is fitting men better to make their way when placed on parole, and a large number of men are now engaged in defense activities, working for various contractors.

Academic and recreational work have been stressed beginning January 1, 1941.

In order to be available in extreme emergency, trusted prisoners are being given thorough courses in first aid and stretcher bearer work. This activity is going forward under the guidance of the preparedness committee of the Honolulu County Medical Society and shortly approximately 100 men will be trained for extreme emergency.

A new warden, recruited from the Federal service, took charge of the prison January 1, 1941, and conditions in general, but more particularly the morale of the men in the prison, have shown marked improvement.

The practice of throwing men in the dark cell has not been resorted to during the last 6 months, and prompt withdrawal of credit for good time which a prisoner can earn back has been substituted. This method, although simple, has proven very effective.

The cost of maintaining Oahu Prison for the year ended June 30, 1941, exclusive of buildings, was \$235,501.17.

Bureau of Crime Statistics and Identification.—The work of this bureau has materially increased during the past year, and is operating efficiently according to standards laid down by the Federal Bureau of Investigation. Federal agencies depend to a considerable extent upon the Bureau for assistance.

Board of Paroles and Pardons.—The Board, during the year ended June 30, 1941, considered 213 cases for fixing of new minimum sentences, 243 paroles, 11 for commutation of sentence, 4 for final discharge, 62 for pardon and held 56 hearings for parole violations.

Prisoners' records are very carefully considered and, with psychological reports as an aid, prospects of success are carefully weighed in each instance of parole.

At the beginning of the year, 898 were on parole with 334 out of the Territory. At the close of the year, there were 949 on parole with 353 out of the Territory. During the year there were 204 prisoners released on parole, 62 parolees were returned for violation and 91 were discharged.

The Board is extending its efforts toward obtaining jobs for paroled prisoners. Defense projects now employ 224 parolees. Most of those paroled are located in the city and county of Honolulu and it is interesting to note that only 20 arrests for felonies for the city and county of Honolulu, for the year just ended, were paroled prisoners.

The cost of supervising a prisoner on parole for a full year is substantially less than the cost of maintaining the prisoner in the institution for 1 month.

Department of Labor and Industrial Relations

Due to the large number of men employed on defense projects, the work of the Bureau of Workmen's Compensation has increased greatly. A summary of this Bureau's operations showed 17,205 accidents reported; 44 fatal accidents; 4,702 cases where disability was less than 1 week; 3,699 compensable cases; \$234,905.26 compensation paid; \$254,826.32 hospital and medical expenses; \$489,731.58 total

cost to employers; 4,501 employers filing guarantee insurance; 102 self-insurers; 4,603 total covered employers; 589 cases adjudicated by director; 12 appeals taken from decision of director; 6 decisions of director affirmed; 2 decisions of director reversed and 4 cases pending.

The Bureau of Labor Law Enforcement became affiliated with the Children's Bureau of the United States Department of Labor in March 1940, and has recently been redesignated for the period ending June 30, 1942. Principal activities during the year were: minors' certificates issued, 2,522; inspections made, 1,122; establishments in violation (all of which were brought into compliance), 123.

Wage claims taken totaled 129, amounting to \$4,402.10, of which 91 were settled in full, 12 were dropped, and 26 are pending.

The work of the Bureau of Research and Statistics, which began functioning in August 1940, consists of a Territory-wide survey of minimum wages and maximum hours of labor, studies made of industrial accidents by type and industry, and continuous surveys of living costs.

The employment service of the Bureau of Unemployment Compensation has been active in supplying both skilled and unskilled labor to the many defense projects throughout the Territory; of a total number of 10,587 placements of men approximately 51 percent, or 5,435 of this number, were on defense projects.

Benefit Payments Section.—Initial (new) claims received, 5,739; number of benefit payment warrants issued, 27,338; amount of benefit payment warrants issued, \$198,004.

Employment Service.—Number of new work registrations, 14,105; number of placements, 12,394; total funds available, Hawaii Unemployment Compensation Account, June 30, 1941, \$7,638,047.16.

Division of Safety.—Safety regulations covering the building industry became effective March 29, 1941. During the period beginning April 1, 1941, and ending June 30, 1941, 213 contractors were contacted; 320 inspections and 416 reinspections were made, revealing 446 violations, all of which were brought into compliance. Approximately 600 copies of the code have been distributed.

Public Utilities Commission

Consumers' payments to electric, gas, and telephone utilities for 1940 show an increase of 6.58 percent over 1939. Average annual domestic consumption of electricity in Honolulu increased to 1,244 kilowatt-hours from 1,125 for 1939. Electric consumers for the Territory total 74,248 as compared with 70,985 in 1939.

Telephone subscribers increased to a total of 37,038 in 1940 as against 33,060 in 1939. Gross additions to plant less retireals and abandonments and less the net increase in reserves for depreciation

plus increase in materials and supplies in book value for electric, gas, and telephone utilities for the year totaled \$3,022,582.47.

During 1940 bold expansion programs were undertaken by the larger utilities concerns serving the island of Oahu. Proposed expenditures for 1941-43, under these programs, are as follows: Hawaiian Electric Co., Ltd., \$6,106,730; Honolulu Gas Co., Ltd., \$955,000; Mutual Telephone Co., \$2,200,000, and the Honolulu Rapid Transit Co., Ltd., \$1,414,000.

To meet the demands arising out of the defense programs progress in putting the new property into operation has been and is being pushed. New peaks have been met with but a small amount of "overload," noticeable chiefly in the telephone service. There is every promise that ample capacity will be available unless additional demands now unforeseen occur.

Increased peaks in demand have occurred as follows:

	1938	1939	1940	1941
Hawaiian Electric Co., Ltd.:				
Kilowatt-hours generated, June.....	14, 051, 500	17, 036, 000	17, 678, 435	27, 197, 000
Peak load, kilowatts, June.....	33, 200	38, 300	45, 000	61, 700
Honolulu Gas Co., Ltd.:				
Sent out cubic feet, June.....	62, 744, 700	69, 118, 700	78, 594, 586	101, 627, 624
24-hour peak, June.....	2, 149, 782	2, 296, 216	2, 735, 443	3, 561, 714
Mutual Telephone Co.: Number of calls, May.....	6, 347, 799	6, 586, 159	7, 441, 962	9, 701, 101
Honolulu Rapid Transit Co.: Total passengers, May.....	2, 257, 923	2, 338, 753	2, 637, 789	3, 408, 474

Definite protective measures against sabotage have been taken including provision of special facilities and special training of employees.

Pay levels in the utilities have been increased considerably in keeping with the upward trend that has been experienced with the importation of skilled personnel for defense projects. Tax expense is up, and further increases are anticipated. These increases will reduce and perhaps not permit the annual rate reductions that had become pretty much the rule.

Honolulu Rapid Transit Co., Ltd.—The entire mass-transportation service in the city of Honolulu is now being served by electric trolley coaches and gasoline busses. The company withdrew its last street-car on the night of June 30, 1941. The completion of the company's expansion program required approximately \$1,414,000 for new property and equipment and necessitated a "write-off" of rail lines and equipment in a net amount of \$843,380.19.

Hawaii Housing Authority

The Hawaii Housing Authority has had four different types of activity during the past year.

The Kamehameha Homes project, TH-1-1, was accepted July 22, 1940, occupancy began immediately and by September 30, 1940, it was fully occupied. Of the 221 units, 73 have been assigned to Navy personnel, relieving in a small way the congested housing situation. The permanent financing of the project has been arranged, bonds sold and during the coming year the Authority will devote its attention to managing the project. The total cost is \$1,040,000.

The Kalakaua Homes project, TH-1-2, is located on Kalakaua Avenue near King Street. There were 9.338 acres purchased for \$78,000. The low portion of this area was filled at a cost of \$20,800 and contract let for the construction of 61 buildings (140 dwelling units), costing \$361,500. It is expected that the buildings will be ready for occupancy about January 1, 1942. The total cost of the project is about \$580,000.

The Mayor Wright Homes project, TH-1-3, is located on the lot bounded by King, Liliha, Vineyard Streets and Pua Lane in Honolulu. Condemnation suits, in order to acquire possession of the land, have been filed and possession of various parcels is gradually being secured. It is expected that a construction contract for the 364 dwelling units can be awarded about the middle of September.

A request for a 90-dwelling unit project in the city of Hilo has been prepared and is now being reviewed by the United States Housing Authority in Washington. If this receives favorable action, the Hawaii Housing Authority plans to submit a request for the island of Maui and one for the island of Kauai.

Act 190 and Act 235, passed by the recent Territorial legislature, enlarged the powers of the Hawaii Housing Authority. Because of authority granted by Act 235, it is probable that shortly after July 1, 1941, the Hawaii Housing Authority will assume management of the 550-unit defense housing project recently completed on land adjacent to Hickam Field.

Hawaii Tourist Bureau

Hawaii's tourist industry experienced a very good year in 1940. Travel to Hawaii reached a new peak with 25,373 nonresidents arriving in the Territory, as against 24,390 for the preceding calendar year. However, trans-Pacific travel suffered severely with 24,165 one-day through cabin passengers in 1940, as compared with 41,041 in 1939.

The Hawaii Tourist Bureau increased its magazine advertising and, during the fiscal year ended June 30, 1941, carried a schedule in excess of \$125,000. This aggressive advertising campaign used 15 national magazines with a paid circulation exceeding 35½ millions. Attractive advertisements emphasizing the ease and safety of a vacation in

Hawaii, featured the theme, "Hawaii, a world of happiness in an ocean of peace."

In the radio field, the Bureau was increasingly active. The two national programs, Hawaii Calls and Voice of Hawaii, which originate with KGMB and KGU and are broadcast over the Mutual Broadcasting System and the National Broadcasting Company networks, respectively, are made possible through Bureau support. At present Hawaii Calls is being broadcast every Saturday and the Voice of Hawaii has been resumed every Sunday over the National Broadcasting Company network.

Through cooperation with the United States Commission of the Golden Gate International Exposition, in 1940 the Bureau's motion picture, Hawaii, U. S. A., was shown to more than 110,000 persons in the Federal Theater on Treasure Island. Under an agreement with Paramount Pictures, Inc., this Hawaii, U. S. A., in two "shorts" was distributed in leading movie houses throughout the western hemisphere. Both of these one-reelers, Pacific Paradise and Red, White and Blue Hawaii, have been seen by millions in the United States, Canada, Latin America, Antipodes and the Orient.

Upon request of the chamber of commerce of Honolulu, the Tourist Bureau took over housing activities occasioned by the heavy influx of service personnel and civilian employees on emergency projects. This phase of the Bureau's special work has increased tremendously, at present requiring considerable time of the Bureau staff. However, this work provided a vital service in the community and is greatly appreciated by military authorities as well as the individuals served. Since starting this work in March 1940, 10,595 persons have asked for assistance in locating accommodations, and the Bureau has been instrumental in renting 3,349 cottages, apartments and rooms.

The Bureau continued a broad recreational program for visitors. It staged the Twelfth Annual Malihini Golf Tournament in March, the Sixth Annual Malihini Fishing Tournament in July and August, and sponsored a large hukilau and luau at Laie in July. The popular Visitors' Club luncheon meetings were offered during the winter tourist season, and series of special tours were features for summer visitors. The unique organization, the Hawaii Comeback Club, was expanded to 7,890 members.

Libraries

For the past year the Library of Hawaii, whose activities cover the island of Oahu, has been serving a constantly growing reading public. The library has offered its services to all service men and their families as well as to all engaged in defense projects. During the past 12 months the library has issued borrower's cards to 5,626 Army and Navy

men and their wives as well as those connected with the defense work. Many of these families have children in the grades, high school, or university who are also drawing books from the Library of Hawaii. Although no actual count has been taken of the children it is estimated that at least 1,900 are using the library, making a total of 7,500 new readers who have been added in the past 12 months from the defense personnel on the island of Oahu.

In spite of the many more people using the library the circulation of books showed an increase of only 10,700 for the year, due to several causes, the principal one being a lack of books.

The reference department was kept busier than ever and much of the information asked for reflected the present national emergency. The librarians searched for material on the construction of underground hangars, and bomb shelters, air-raid protection, care of children in disaster, first aid, civilian defense in general, nutritive value of foods, new theories of camouflage, etc.

A summary of statistics of the Library of Hawaii discloses a circulation during the year of 950,828 books, periodicals, and pamphlets; population served (as of June 30, 1940) 260,885; total book collection, 162,046, number of distributing agencies, 62, including 31 deposit stations and 25 schools served by book car. There were 57,898 registered card holders on June 30, 1941, an increase of 3,380 over the previous year.

Libraries maintained in the counties of Hawaii, Maui, and Kauai, continued their splendid service to the public and reported gains in circulation, registered card holders, etc.

Civil Aeronautics Administration

During the fiscal year the Civil Aeronautics Administration was successful in securing the following appropriations for airport development out of the general airport funds authorized by Congress.

Hilo Airport, \$472,000. Grade and extend the northeast-southwest landing strip and widen and extend the paving thereon; grade and extend the east-west runway and widen and extend the paving thereon; grade and extend the north-south runway; install boundary lights, floodlights, beacon, control panel; fence field.

Upolu Point, \$209,000. Extend the east-west landing strip and widen and extend the paving thereon. Install boundary lights, floodlights, beacon and control panel; fence field.

Maui Airport, \$343,000. Extend and widen the northwest-southeast landing strip and extend and widen the paving thereon. Extend and widen the north-northeast and south-southwest landing strip and expand and widen the paving thereon. Pave four taxi strips; extend the east-west landing strip; pave Navy platform; field grading,

install boundary lights, floodlights, beacon and control panel; fence field.

Molokai Airport, \$268,000. Grade, widen, and extend the north-east-southwest present landing strip; widen and extend paving thereon. Grade and extend the north-south landing strip and widen pavement thereon. Install boundary lights, floodlights, beacon and control panel; fence field.

John Rodgers Airport, Oahu, \$53,000. Clear, grade, light, and fence.

Molokai-----	} Work Projects Administration projects, State Application No. 50,005—\$300,000. Extend pavement.
Maui-----	
Hilo,Hawaii-----	
Port Allen, Kauai-----	

Owing to the reduced amount of work accomplished by Work Projects Administration, it was necessary to apply for additional funds in order to complete the work proposed. The local office of the Civil Aeronautics Administration has been informed that their request for additional funds has been granted and submits the following tabulations of additional money granted:

Kailua, Hawaii—\$200,000—Grade field area, pave runways, and install basic lighting.

Hilo, Hawaii—\$444,000—Complete master plan development.

Burns Field, Kauai—\$225,000—Construct runways and install basic lighting.

Maui, Maui—\$224,000—Complete master plan development.

Kalaupapa, Molokai—\$55,000—Widen and extend runway and provide limited lighting facilities.

Molokai, Molokai—\$269,000—Complete master plan development.

Upolu Point, Hawaii—\$122,000—Complete master plan development.

In addition to this, the Civil Aeronautics Administration in Hawaii has constructed complete radio range facilities at Hilo and Port Allen, constructed a radio range station at Maui and a weather station at Honolulu. The projected plan for airways improvement is to install radio ranges at Ilio Point, Molokai, and Upolu Point on Hawaii as well as a radio range station at Keahi Point on Oahu.

Automobiles

The following table shows the registration of privately owned motor vehicles, by counties, for 1925, 1930, 1935, 1940, and 1941:

	1925	1930	1935	1940	1941]
City and county of Honolulu-----	15,385	26,511	32,275	48,467	58,431
County of Hawaii-----	3,289	5,887	7,208	9,239	8,959
County of Maui-----	3,253	5,568	6,105	7,253	7,464
County of Kauai-----	2,456	3,863	4,482	6,099	6,250
Total-----	24,383	41,829	50,070	71,058	81,104

Board of Harbor Commissioners

The total collections of the Harbor Board for the year ended June 30, 1941, were \$957,914.19, an increase of \$127,097.80 over the preceding year.

There was a considerable increase in overseas traffic which is shown below in the tabulation of vessels and tonnages for the 2 separate years of the biennium:

	Num- ber of vessels	Net tons	Gross tons	Inward		Outward	
				Cargo	Passen- gers	Cargo	Passen- gers
1941-----	1,667	7,194,137	11,893,803	2,919,547	62,337	1,622,233	43,338
1940-----	1,420	6,533,979	10,853,261	2,184,940	50,401	1,365,226	44,181
Increase-----	247	660,158	1,040,542	734,607	11,976	257,007	
Decrease-----							843

The above increases were due to a considerable extent to the defense program which got well under way during the first part of the current year and is now reaching such proportions that space for the handling of overseas freight is at a premium.

The Territory, through its Harbor Board, has done all in its power to make cargo space available but because of its limited funds and usable properties has not been able to do a great deal.

The principal items in this respect are:

Removal of the sprinkler system from the grassed areas at Pier 2 and securing permission from the city and county to use a portion of Channel Street so as to increase the available area for the handling of lumber.

Removal of approximately one-half of the parked area in the square formed by Piers 8, 9, and 10 and paving of same. It is estimated that this area will accommodate about 1,500 tons of freight.

Keeping a man constantly watching for freight remaining on Territorial wharves and endeavoring to speed up delivery through contact with owners.

The United States Army on April 21, 1941, took over, under a lease agreement, Inter-Island Steam Navigation Co. Piers 24, 25, and 26, to be used for the handling of Army freight which previously had been handled principally over Territorial Pier 15.

The Inter-Island, in turn, entered into a 2-year agreement with the Harbor Board for the use of its Piers 12 and 13/14 by its vessels. Its Piers 27 and 28 which had been used for these vessels are now being used for overseas freight.

These arrangements have actually added to the available space for overseas cargoes, the areas of Piers 27 and 28 and 15.

Employees' Retirement System

Total assets of the Employees' Retirement System as of June 30, 1941, amounted to \$12,379,833.71, or an increase during the fiscal year of \$1,422,123.36.

Members of the system at the close of the fiscal year numbered 9,059, an increase of 707 over the total membership at the end of the previous fiscal year.

Of the total assets, \$229,825.90 represented cash in banks; \$12,030,-542.73 represented the value of the system's investments; and \$119,-465.08 represented accrued interest due on bonds.

The pension roll of legislative pensions provided for under Act 261, Session Laws of Hawaii 1925, and continued indefinitely under Act 31, Session Laws of 1927, was reduced during the fiscal year by 3, due to deaths. The pension roll is \$1,037 per month.

The total number of beneficiaries on the service retirement roll on June 30, 1941, was 199, requiring a monthly payment of \$12,467.92.

The ordinary disability retirement roll at the end of the fiscal year showed the total number of beneficiaries to be 39, requiring a monthly retirement allowance of \$1,581.82.

There are now 19 beneficiaries on the accidental disability retirement roll requiring a monthly payment of \$1,390.54.

One application for accidental death benefit was favorably acted upon during the fiscal year. The pension roll for this benefit is \$397.86 per month.

During the year, ordinary death benefits were paid to designated beneficiaries of 41 deceased members, the total payment amounting to \$32,781.45, a decrease in benefit payments amounting to \$4,757.07 under the previous fiscal year.

Death benefits to the designated beneficiaries of 7 deceased retired members were made, total payments amounting to \$42,085.88, an increase of \$27,700.67 over that of the previous fiscal year.

Refund of accumulated contributions during the fiscal year was made as follows:

On account of resignations or dismissals.....	586	\$144, 722. 27
Paid to designated beneficiaries of deceased members.....	41	32, 781. 45
Total.....	627	177, 503. 72

The total amount of refunds due to resignations is larger than that of any former period of 12 months, and this is due in a large measure to members leaving the service to accept employment in defense projects at considerably higher salaries.

The pension roll of the retired teachers under the former Teachers' Retirement System as provided by Chapter 31, Revised Laws of

Hawaii 1925, was reduced during the year, due to deaths, by three. This pension roll for the month of June 1941, was \$350.

Respectfully submitted.

JOSEPH B. POINDEXTER,
Governor of Hawaii.



